

**MODERN
BUSINESS PRACTICE**



MODERN BUSINESS PRACTICE

A COMPREHENSIVE PRACTICAL GUIDE
AND WORK OF REFERENCE FOR OFFICE
WAREHOUSE EXCHANGE AND MARKET

*Prepared by many Specialists
under the Editorship of*

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VOLUME VIII

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FOREWORD

THE SUCCESSFUL DEPARTMENTAL STORE

By. A. W. GAMAGE

I dare say many people think that there is little or no enjoyment to be got out of trade: but I hold otherwise. I am sure no young doctor ever got more delight out of his first patient, no struggling barrister out of his first brief, no mother even out of her first baby with all its responsibilities and cares, than I did out of purchasing stock for the small business which in conjunction with one partner I started not so many years ago in Holborn. I continue to be of that view with regard to business now that I am the head of what I may justly call one of the largest and best-known retail stores in the country. I consider a healthy view with regard to the enjoyment and absorbing interest of business a most important factor in business success.

My own experience has led me to regard a faithful adherence to the principle of going to the fountain head for goods, and giving the public the benefit of the saving thus effected, as the foundation of business success. Giving good value and buying in the world's best markets are the chief aims. One who travels the Continent and America for good things, and brings them to the old country, will be welcomed with open arms by a public always ready to appreciate something new. If one gets into trouble with monopolists, there is some compensation in the advertisement it brings! If good things are advertised they will go well. These are the two essentials. I am opposed to the monopolistic firm which insists on what I regard as an exorbitant price. One who fights against the arbitrary fixed selling price will naturally have the support of the retail buyer.

With all that has been said about American superiority, I am in favour of British methods. We may be slower, but we build for the future. No American article can succeed here in competition with a British article of the same quality, provided—and this is an important proviso—that the British is advertised as well as the American. It is still true that no nation, taken as a whole, turns out articles of such high quality as the British, and we are far from the day when quality will not tell in the long run. Still, we have learned a good deal in how to market our goods in the last few years,

in which some foreign nations had at one time an advantage. Having learnt that lesson, we are now quite capable of protecting our home and colonial markets.

Of course I should be the first to admit that success all along is very considerably due to the work done by able lieutenants and a competent and zealous staff, increasing and improving from year to year. My experience is that an establishment with over 300,000 regular customers on its books, sending out 80,000 copies of a 1200-page catalogue, and a quarter million of Departmental Price Lists, a store with sixty departments and sometimes 1500 employees, and all the adjuncts of such a many-sided business, can be run with smoothness and efficiency at the busiest seasons.

A business should be gradually extended, department by department, in accordance with the public demand. Overworked departments must be split up as the business grows. Departments, like the business which they make up, grow because the public demand their growth.

Such a successful departmental store is conducted in direct variance with the old-time methods of retailing. Prices are based on the value of the materials, plus interest on capital and cost of labour on a fair-wage basis, with a fair profit. As every man is worthy of his hire, every article is worth so much; to ask more for it is extortion.

The best principle is to sell for cash, with everything marked in plain figures, which saves not only loss of money and time to the business, but perplexity and delay in the sale. A customer can then take up any article and see the price on its tag, which always agrees with the catalogue price. In this way postal enquiries can be served as personal demands, and no bounds can be set to the possibilities of a well-equipped correspondence department.

Prices should be subject only to the variation which takes place at stocktaking. For these sales every department should be ransacked, every article cleared out of which but a few are left, and prices reduced all round to make room for new stock. With the greatest care in handling and stocking goods, dust causes deterioration, and this must mean loss in value. The first loss is the easiest loss, and it is always worth a quick sacrifice to keep stock clean and novel.

The Christmas Bazaar is a special help to such a business, and has been developed enormously in recent years. Sometimes these are so overcrowded that a charge for admission, refunded to all who make a purchase, has to be imposed.

A firm may be in a position to buy in quantities as large as any other in the world, but this would be useless if it were not prepared to challenge a comparison of its quality and prices with any other store in the country. In other words, it is not only the large turnover of to-day which must be considered, but the maintenance of a high reputation, which is the enduring guarantee for the credit of any business and its growth of customers.

PART VII

ACCOUNTANCY

(Continued)

CHAPTER XII .

SPECIAL ACCOUNTS

Partnership Accounts—Executorship Accounts—Receivership Accounts.

PARTNERSHIP ACCOUNTS

In the preparation of the accounts of a partnership it is necessary to consider the terms upon which the partnership has been formed. These terms may be in accordance with a written Agreement called the Articles of Partnership, duly entered into by the parties, in which case it is a Partnership by Deed; but there may be a partnership without any written evidence of the terms. Many partnerships are thus informally carried on, but it is a state of things no wise business man will be content with. Again, although there may have been no intention at all to form a partnership, if a party holds himself out to be a partner in a firm, and credit is given to the firm on the faith of such representation, the party so holding himself out will be liable as a partner. This is sometimes a source of considerable loss and annoyance to those who have intended no more than to render assistance to a person in business, but by their doing so have acted in such a manner that third parties have justifiably considered them to be partners. (See as to the Law of Partnership, Part III, Chapter III.)

In the case of an informal partnership the terms will be in accordance with the Partnership Act,

except where there is satisfactory evidence of a different intention. On the other hand, in a Partnership by Deed the Articles will probably contain all the terms necessary from an accountant's point of view, but if silent on any point, the Act will govern.

Commencement of Partnership

When a partnership is entered into, it will be necessary to open a Capital Account for each partner, and to credit these accounts with the actual capital introduced by each partner. It will be assumed that if it is a Partnership by Deed the necessary information will be disclosed in the agreement, or if a verbal partnership that the facts are agreed to by the parties.

For example: A and B enter into partnership. A has a shop doing a retail business for cash, the stock being valued at £150, the fixtures at £25. Cash at bank £25. B is to bring in £250 cash, and A's capital is to be made equal to this by creating a goodwill (valued at £50). The opening Balance Sheet will therefore be as follows:—

	£	s.	d.		£	s.	d.
A's Capital...	250	0	0	Stock in trade	150	0	0
B's "	250	0	0	Fixtures, &c.	25	0	0
				Goodwill.	50	0	0
				Cash	275	0	0
	500	0	0		500	0	0

This should be brought into the books of account by means of a journal entry on the following lines:—

	Dr.	£	s.	d.	£	s.	d.
SUNDRIES	...						
To Sundries	...						
Cash	...	275	0	0			
Stock in trade	...	150	0	0			
Fixtures	...	25	0	0			
Goodwill	...	50	0	0			
A's Capital Account	...				250	0	0
B's " "	...				250	0	0
		500	0	0	500	0	0

In the transactions subsequent to this, the following points will require attention. Any drawings made by either of the partners should be debited to their drawings account, and where these drawings are not settled by the deed, and are unequal in amount, it is usual to charge interest upon them at a rate not exceeding 5 per cent per annum.

If a partner advances money to the firm (not in the way of additional capital), or pays money out of his own pocket for the benefit of the firm, it is important that such advances should be credited to a special advance account and not to his Capital Account. He is entitled to recover the amount of his advances out of the assets of the firm before any partner can obtain a return of capital. He is further entitled to interest upon any such advances at the rate of 5 per cent per annum.

It may perhaps be well to mention here that if the firm obtains money on loan from a creditor and the interest payable is not fixed but is a share of the profits, this loan does not rank with the ordinary creditors in the event of bankruptcy. The lender is regarded as more in the position of a partner, and is not entitled to repayment until the ordinary creditors have been paid in full.

When the Profit and Loss Account is prepared, the balance of profit or loss must be divided between the partners in accordance with the terms of division agreed upon. If there is a deed, this will state the shares in which the profit or loss is to be divided; but if there is no deed, the Act

says that the shares are assumed to be equal. Accordingly the partners' Capital Accounts will be debited with the agreed or an equal share of the loss, or credited with their share of the profit.

In other respects the bookkeeping of a continuing partnership differs little, if at all, from the ordinary accounts of an individual.

Admission and Retirement of Partner

Where a change of partners is in contemplation, either by the retirement of one and the admission of another, or simply by the admission of a fresh partner, several matters have to be considered for the due protection of the parties.

If a partner retires he does not thereby cease to be liable for debts contracted prior to his retirement, even if the other partners agree to take over his liability; and further, if the creditors have no knowledge of his retirement, he may still be liable for debts contracted subsequent to his retirement. On the other hand a new partner may accept responsibility for debts incurred prior to his admission if this is so agreed. It is therefore of great importance that a proper agreement should be come to on these points.

Let us assume that A, B, and C are in partnership, and that A wishes to retire and B is to be admitted as a partner.

The Balance Sheet of the old firm at the date of the change is as follows:—

	£	s.	d.		£	s.	d.
TO CREDITORS ON OPEN ACCOUNT				By Trade Debtors	300	0	0
In respect of Goods.....	200	0	0	" Stock in trade ..	250	0	0
In respect of Expenses ..	25	0	0	" Fixtures ..	40	0	0
" A's Capital	190	0	0	" Plant, &c.	100	0	0
" B's "	155	0	0	" Cash.....	35	0	0
" C's "	155	0	0				
	725	0	0		725	0	0

It has been agreed that the new firm shall take over the liabilities for expenses at the figure shown, but the liabilities for goods subject to a discount of $2\frac{1}{2}$ per cent. The whole of the assets have been agreed at the above figures, except that the debtors are subject to a discount of 5 per cent. D is to bring in £300 in cash, of which £200 is to be his capital and £100 a premium to be credited to the

continuing partners in equal shares, and this, allowing for the loss on the discounts, will make the shares of the three partners equal. A is to withdraw £190, being the amount of his capital shown in the above Balance Sheet. The loss on discounts is shared equally by B and C.

The opening Balance Sheet of the new firm is therefore as follows:—

	£	s.	d
TO CREDITORS ON OPEN ACCOUNT:			
In respect of Goods £200 0 0			
Less Discount 5 0 0			
	195	0	0
In respect of Expenses	25	0	0
B's Capital	200	0	0
C's "	200	0	0
D's "	200	0	0
	820	0	0

	£	s.	d
By Trade Debtors £300 0 0			
Less Discount 15 0 0			
	285	0	0
" Stock in trade	250	0	0
" Fixtures	40	0	0
" Plant, &c.	100	0	0
" Cash	145	0	0
	820	0	0

On this basis the books will be opened, but the full amount of the creditors will appear in the new firm's books, and the reserve for discounts will be debited to a Reserve Account, and similarly with the debtors.

It is sometimes stated that it is more advantageous to the incoming partner that a goodwill should be created in order to equalize the Capital Accounts rather than that he should pay a premium to the continuing or retiring partners.

It should be noticed, however, that if D's contribution of capital is to remain at £300, it would be necessary to create a goodwill of £300 to equalize the Capital Accounts; whereas in the above example, although no goodwill is shown, any such existing at the dissolution will be brought in, and of it D would be entitled to an equal share.

In this case the new firm accepts the liability for the old firm's debts, and therefore indemnifies the retiring partner in respect of them; but if the new firm does not discharge them, and the creditors have not accepted the assignment of debt, the retiring partner is still responsible.

It may happen, however, that the new firm does not take over the old firm's liabilities, in which case they must be discharged by the old firm; or possibly they may be paid by the new firm on behalf of the old, out of moneys becoming due to the old firm. The debts, too, if speculative, or of doubtful value, are often not taken over by the new firm, but may be collected by them on behalf of the old. This method is not unusual when no partner is retiring but an extra partner is coming in, and the net amounts coming to the credit of the old firm will form part of their capital introduced into

the new concern, and will be credited to the old partners' Capital Accounts as the money is received, or at the periodical balancing of the books.

The debts of the old firm are sometimes taken over by the new with the guarantee of the continuing partners. If so, any loss realized will be debited direct to their Capital Accounts and not charged to the new firm's Profit and Loss Account.

It is a good plan where the old firm's debts are not taken over but are being collected by the new firm, if the debts will take time to be recovered, to bring in the debtors to the new firm's books by crediting a special Suspense Account therewith. This will prevent any debtor being overlooked, and periodically the debts that have been collected can be transferred from the Suspense Account to the partners of the old firm.

Dissolution

The dissolution of a partnership may occur in various ways: in a partnership at will, by any partner giving notice at any time; in a partnership for a definite term of years, by effluxion of time; or by the death of a partner or bankruptcy of one of them; or under an order of the Court, which has power to dissolve a partnership for a variety of causes.

Whatever the cause of dissolution, its effect is to require that the whole of the assets should be sold and the proceeds, after discharging the liabilities, divided amongst the partners according as they are entitled. Goodwill is partnership property and does not pass to the surviving partners; there-

fore the representatives of a retiring partner are entitled to have the goodwill sold. (See also Part III, Chapter XVI.) It is obvious that this would be most disadvantageous to the surviving partners in many cases, and it is usually stipulated in the Deed of Partnership that in the event of death the goodwill should be taken at a fixed amount, or be valued at so many years' purchase of the net profits.

It is provided that the assets should be applied for the following purposes in the order stated:—

- 1st. Pay all debts and discharge liabilities of ordinary creditors.
- 2nd. Repay partners' advances (rateably)
- 3rd. Pay off partners' Capital (rateably).

4th. Any balance to be divisible between the partners in proportion as they shared profits.

It is also provided that if the assets are insufficient to meet the losses, such losses must be provided for out of the capital, or if that is insufficient, by the individual partners in the same proportion as they shared profits.

The following is the Balance Sheet of a firm of X, Y, and Z, drawn up as at the date of death of Z, and it has been agreed that the goodwill shall be valued at £500. This amount has been included and divided between the partners in proportion as they are entitled to share profits, viz X $\frac{1}{2}$, Y $\frac{1}{3}$, and Z $\frac{1}{6}$. X and Y agree to take over the goodwill.

	£	s	d		£	s	d
Creditors	850	0	0	Debtors	500	0	0
X's Capital	1003	0	0	Stock in trade	750	0	0
Y's "	550	0	0	Fixtures	125	0	0
Z's "	160	0	0	Machinery	1250	0	0
Y's Advance Account	700	0	0	Goodwill	500	0	0
				Cash	138	0	0
	2263	0	0		3263	0	0

The usual method is to open a Realization Account, which is debited with the book value of the various assets, and then credited with the cash received and debited with the costs incurred. In this case the debts were not all realizable, and the

machinery and stock in trade were considerably overvalued.

The following accounts will show the entries that would be appropriate to such a state of affairs:—

REALIZATION ACCOUNT

	£	s	d		£	s	d
To Book value of sundry Assets (excluding Goodwill and Cash)	2625	0	0	By Cash received on realization of Assets	1800	0	0
" Costs	75	0	0	" Loss transferred to Profit and Loss Account	900	0	0
	2700	0	0		2700	0	0

PROFIT AND LOSS ACCOUNT

	£	s	d		£	s	d
To Transfer from Realization Account	900	0	0	By SHARE OF LOSS:			
				X's $\frac{1}{2}$ Share	450	0	0
				Y's $\frac{1}{3}$ "	225	0	0
				Z's $\frac{1}{6}$ "	225	0	0
	900	0	0		900	0	0

SPECIAL ACCOUNTS

CASH ACCOUNT

	£	s	d			£	s	d
To Balance	138	0	0	By Costs	75	0	0	
" Debtors	420	0	0	" Creditors	850	0	0	
" Stock in trade	510	0	0	" Y's Advance Account	700	0	0	
" Fixtures	120	0	0	" Balance	313	0	0	
" Machinery	750	0	0					
	1938	0	0		1938	0	0	

X's CAPITAL ACCOUNT

	£	s	d			£	s	d
To Share of Loss on Realization	450	0	0	By Balance	1003	0	0	
" Half-share of Goodwill	250	0	0					
" Balance	303	0	0		1003	0	0	
	1003	0	0					

Y's CAPITAL ACCOUNT

	£	s	d			£	s	d
To Share of Loss on Realization	225	0	0	By Balance	550	0	0	
" Half-share of Goodwill	250	0	0					
" Balance	75	0	0		550	0	0	
	550	0	0					

Z's CAPITAL ACCOUNT

	£	s	d			£	s	d
To Share of Loss on Realization	225	0	0	By Balance	160	0	0	
	225	0	0	" Balance	65	0	0	
					225	0	0	

FINAL BALANCE SHEET

	£	s	d			£	s	d
X's Capital	303	0	0	Cash	313	0	0	
Y's "	75	0	0	Z's Deficiency of Capital	65	0	0	
	378	0	0		378	0	0	

It will be observed that the loss on realization has thrown Z's Capital Account on the wrong side, and his private estate must pay in the sum of £65,

which will enable the remaining partners to withdraw the amount standing to their credit.

In the event of the bankruptcy of one partner

and consequent dissolution, it becomes necessary to consider in what proportions any losses must be borne, and by whom.

Let us take the case of a firm of A, B, and C, whose Balance Sheet at the date of B's bankruptcy is as follows:—

	£	s.	d.		£	s.	d.
Creditors	750	0	0	Stock in trade	250	0	0
A's Capital	400	0	0	Debtors	500	0	0
B's "	50	0	0	Machinery and Plant	500	0	0
C's "	100	0	0	Cash	50	0	0
	1300	0	0		1300	0	0

The loss on realization of the assets (including costs) amounted to £400; and since the profits were shared in the proportion of two-fifths each to A and B, and one-fifth to C, this loss must be borne

in the same proportions. Upon realizing the assets, paying off the creditors, and dividing up the loss amongst the partners, the Balance Sheet was as follows:—

	£	s.	d.		£	s.	d.
A's Capital	240	0	0	Cash	150	0	0
C's "	20	0	0	B's Deficiency of Capital	110	0	0
	260	0	0		260	0	0

B, being insolvent, cannot introduce any more money, and the loss represented by his deficiency must be shared by A and C in the proportion in which they shared profits, i.e. two-fifths and one-fifth; but as B can no longer contribute his two-fifths, that must be shared by A and C in the same proportion: therefore A bears two-thirds and C one-third of £110. The result of this is to reduce A's capital to £166, 13s. 4d., and to show C's account as deficient by £16, 13s. 4d.

C must therefore introduce this amount from his private estate in order that A can withdraw

the full amount of his capital: or if C becomes insolvent in his private estate, the loss will fall on A, who takes the cash £150 in settlement of his capital of £166, 13s. 4d.

Where a dissolution is forced by the creditors, who have taken steps to sell up the goods of the firm for their benefit, the position is again slightly different.

Let us take the last illustration and assume the loss on realization to be £600 instead of £400. The Balance Sheet prior to the payment of creditors would then be as follows:—

	£	s.	d.		£	s.	d.
Creditors	750	0	0	Cash	250	0	0
A's Capital	160	0	0	B's Deficiency	190	0	0
	910	0	0	C's "	20	0	0
					910	0	0

The creditors have not yet been paid, and a further £50 has to be raised by the partners before they can be paid in full. If either partner is solvent he must bring in the necessary money, or if all three are bankrupt in their private estate, the creditors must accept a composition of 18s. 8d. in the £.

They may of course accept a composition without the bankruptcy of the partners, but they have

the power to make all partners bankrupt if they do not get paid in full.

If one partner, say B, is bankrupt and unable to bring in his deficiency, this will have to be borne by the other two parties in their proper proportion; in this case A two-thirds of £190, reducing his capital to £33, 6s. 8d., and C one-third of £190, increasing his deficiency to £33, 6s. 8d. Upon C introducing this amount of cash, the creditors can

be paid in full, and A can withdraw the amount standing to his credit.

If two partners out of three are bankrupt and the third is not, he must pay all the creditors himself and bear the loss.

Limited Partnerships

The Limited Partnership Act, 1907, provided for partnerships in which the liability of one or more (but not all) partners was limited. The principal provisions of the Act are set out in Part III, Chapter III.

As far as the general partners are concerned the conditions are identical with an ordinary partnership, and no further reference need be made to the accounts.

With regard to the limited partner, provided the partnership is duly registered and that he does not take any part in the management, he is not liable for any amount beyond the capital that he has agreed to contribute. He may advise with the other partners upon the state and prospects of the firm's business, but must avoid doing anything which can be construed into management. His Capital Account will therefore be kept quite apart, and will not alter unless he brings in further capital (which must be registered), assigns his share, or is paid out at the end of the partnership, or his capital is lost.

None of the rules relating to deficiency in the case of an ordinary partnership apply to a limited partner, who has properly safeguarded himself under the Act.

EXECUTORSHIP ACCOUNTS

Introductory

Whilst a full consideration of the law as affecting executors is quite beyond the scope of this work, it is impossible to deal with the accounts that an executor should keep without some knowledge of the legal aspects. (See Part III, Chapter XIII.)

In dealing with the accounts of an executor it will be assumed that the accounts of an administrator follow the same rules, for both have to administer the estate of a deceased person and are accountable to the parties entitled to the benefit of the estate. There are a few points of difference, however, inasmuch as the executor has to carry out the wishes of the deceased party in so far as they are expressed in the will or codicils thereto, whereas the administrator has to divide the estate amongst the next-of-kin or the heirs-at-law in accordance with the law governing intestate estates. If, however, an administrator has been appointed "*cum testamento annexo*", i.e. with the will attached, in cases where a will exists but for any reason no executor proves it, the administrator is in exactly the same position as the executor. An executor is presumed to be in the confidence of the testator, and as such in the event of his own death after having proved the will, his own executor can continue the administration. An administrator, on the other hand, has to enter into a bond for the due performance of his duties, and if he afterwards dies, a fresh administrator has to be appointed. (See also Part III, Chapter XIII.)

It is equally important to both executors and administrators that proper accounts should be kept, for being responsible for the due administration of the deceased's estate, they may be called upon

at any time to produce their accounts. Formerly it was the right of any unsatisfied creditor or beneficiary to obtain from the Courts an order for a general account, but now the Courts have the discretion whether or not to order a general account. It is sufficient, however, that the Courts may, and in practice often do, order the executor or administrator to bring in his accounts in a definite form and satisfactorily vouch the same, when he may be charged with assets that have been lost, and disallowed payments that he has made wrongly, besides being charged with interest upon moneys in his hands for too long a time.

To be in a position to comply with such an order, which may be made many years after the events (in one case in which the writer was concerned it was twenty years after the death of the testator), it is necessary to keep the accounts in a particular form; and apart from that point of view, the form which is used is the most convenient for dealing with the points which ordinarily arise in the course of the administration of an estate of a deceased person. The outstanding feature is that items of capital are kept in separate columns from those of a revenue nature, the working of which will be dealt with later.

For the remainder of this chapter the term executor will include an administrator, as there is no difference in the form of the accounts to be kept by them.

Estate Duty

Before an executor can obtain legal possession of the property of the deceased, it is necessary to pay the estate duty upon the capital value of the

estate at the date of death, and for this purpose an account has to be prepared on the official form, and supported by affidavit.

Let us now consider this account in detail, a copy of which (known as A7) can be obtained at the principal Inland Revenue offices. It is divided into a number of accounts and schedules.

The First Part of the First Account relates to personal property.

The Second Part relates to real property.

The following are the headings of the First Part of Account No. 1:—

Stocks or funds of the United Kingdom, such as Consols. Stocks or funds of foreign countries, British dependencies, and colonies, transferable in the United Kingdom, such as Canada 3 per cent Stock. Proprietary shares or debentures of public companies, such as Great Northern Railway 1 per cent Perpetual Stock.

In all these cases the value to be taken is the quoted price on the date of death, or if that day was not one for which prices are available the previous day's prices are taken. Where there are two prices quoted, the value is taken to be a quarter up from the lower to the higher price (i.e. if the quoted price is 78-80 the valuation would be 78½). If there are no quotations available, brokers' valuations, or letters from the secretaries of the various companies, must be produced.

Where there is a quoted price it is presumed that such price includes any dividend that has accrued, unless the quotation is made *ex div.*, in which case the proportion of the interest or dividend up to the date of death must be brought in.

Cash in the house, cash at bankers, with interest accrued if any; money on mortgage, with interest accrued if any; money out on bonds, promissory notes, &c., with interest accrued if any, as to these no comment is required.

Book debts. Where the valuation is less than the gross figures, both must be shown, with explanation of the difference.

Other debts, if any.

Unpaid purchase money of real and leasehold property contracted to be sold in the lifetime.

Deceased's interest in proceeds of sale of real property directed to be sold by the will of another whether actually sold or not.

Personal property over which the deceased had a power of appointment, and which was exercised.

Personal property over which the deceased had, but did not exercise, a power of appointment.

Policies of insurance and bonuses on the life of the deceased.

Sale value of policies of insurance on the life of others.

Household goods, pictures, china, linen, plate, &c.

(If there is any bequest of specific articles of national interest the estate duty thereon may be remitted, and where any such are settled in succession, as heirlooms, duty is not payable until sold.)

Stock in trade, farm stock, &c. In these cases, if the property has been sold the gross value must be given, but if unsold the goods are estimated, and where of large value the figures should be supported by an expert's valuation.

Goodwill of business. If the deceased was a partner in a business it will usually be found that the articles of partnership fix the value of the goodwill or the basis of valuation in the event of death; otherwise it must be valued independently. Any profits due at the date must also be included here.

Shares of ships and profits thereon. Usually valued by a ship's valuer.

Deceased's share in real and personal property of a partnership; supported by a Balance Sheet signed by surviving partners.

Leasehold properties, giving full particulars of the terms on which held and the gross rent if let, and outgoings. If sold, the gross price is taken, and if unsold, estimated. From this value is to be deducted the amount of any mortgage debts charged upon the said property.

Rents due to deceased at the date of death but not received. (Deduct income tax.)

Apportionment of rents of the deceased's property up to the date of death. Rents accrue from day to day, and the amount due up to and including the date of death must be brought in as part of the estate. (Deduct income tax.)

Income due but not received from property of which the deceased was tenant for life.

Apportionment of such income up to date of death.

With regard to the last two items, the income due to a tenant for life, if not received at the date of his death, forms a portion of his estate, and duty has to be paid thereon.

Deceased's interest or expectancy under wills.

Other personal property.

The Second Part of Account No. 1 provides for a statement of value of real property in England, but not copyholds.

Following this is Schedule No. 1, which is for a list of debts due by the deceased at the date of death, and for funeral expenses. The debts to be included here must be only those actually recoverable in the United Kingdom. Any increment duty payable on the death may be treated as a debt.

Account No. 2 is for personal property not trans-

ferable in the United Kingdom, and the Schedule No. 2 is for debts owing abroad which are allowed as a deduction. These consist of foreign death duties, and the expenses of administering such portion of the property abroad included in Account No. 2.

Account No. 3 is for personal property of which the deceased was competent to dispose but did not, and for moneys which could have been charged on real property whether the power to do so was exercised or not. Duty has to be paid on these items.

Account No. 4 is for other personal property, upon which the duty may be paid on the delivery of the affidavit and accounts.

Account No. 5 is for freeholds and copyholds the duty upon which it is elected to pay on delivery of the affidavit. This may be paid in one sum, or spread over eight years by yearly or half-yearly instalments.

Schedule No. 5 is for debts and incumbrances on the real property (Account No. 5). Where upon a death, the freehold, copyhold, or leasehold properties are subject to mortgages, debts, &c., the party taking such property, either by will or as next-of-kin or heir-at-law, does so with the burdens thereon: these debts not having to be borne by the personal estate.

The estate duty is payable on a sliding scale, and varies from 1 per cent in cases where the aggregate value of the estate is £100 and under £500, to 15 per cent where the aggregate value is over £1,000,000. (See Part III, Chapters XIII and XXVIII.)

If after payment of estate duty it is found that insufficient duty has been paid, or that through an error in valuation too much duty has been paid,

it is necessary to file a further affidavit setting forth the corrections, and pay or receive the difference in the duty. In large estates where property exists that is difficult to value, the executor in the original affidavit usually states that such property does exist but the value cannot be ascertained. When this is sold or otherwise valued, the rate of the duty may require adjustment if the additional property has brought the value to a higher scale; if so the extra duty must be paid.

If too much duty has been paid because of an overvaluation by the Commissioners, a return of the duty, with interest at 3 per cent, will be obtainable.

Opening the Books

It will now be necessary to open the books of account. The ordinary books are kept, but the ledger must provide two columns on each side in order that separate columns may be kept for capital items and for income items. Formerly many accountants advised keeping a three-column ledger. The first column was to be used for capital items which had been estimated and not actually realized, and the second column for the realized figures of capital items, and payments made thereout. The third column was kept for income. This practice has now almost died out, and is rarely seen in use except in the case of an estate that has been in the hands of executors for many years, and no further reference will be made to this system.

The Estate Duty Account gives practically the whole of the information that is required to open the books, and the entries to be made will be in the following form in the journal.—

	£	s	d	£	s	d
SUNDRIES <i>Dr.</i>						
To Estate Account				20,950	13	8
Sundry Assets at the date of death, as per Estate Duty Account.						
2½ per cent Consols:						
£22,000 Stock at 76 ex div.	15,200	0	0			
Great Northern Railway 4 per cent Perpetual Preference Stock:						
£500 Stock at 103½	517	10	0			
Accrued Interest, viz.:						
2½ per cent Consols: 91 days on £20,000 Stock, less tax at 1s. 2d.	116	8	8			
Cash in the House	14	2	6			
Cash at Bank on Current Account	234	10	0			
Insurance Policies	1,000	0	0			
Household Goods	425	0	0			
Leasehold Property	1,400	0	0			
Rent accrued due to date of death	43	2	6			
ESTATE ACCOUNT <i>Dr.</i>	483	16	6			
To Sundries:						
Debts due at death				428	6	0
Funeral Expenses				55	10	6

These entries will then be posted to the Ledger in the columns reserved for capital (usually the first column), with the exception of the cash at bank, which will open the Cash Book in the usual way. Some accountants advise the use of three columns to the Cash Book—one for capital, one for income, and the third for bank, in which case the balance at bank will be entered in the capital column and in the bank column. The advantages of keeping separate columns for capital and income are that it is easy to tell at a glance what capital is available for investment or what amount of income is available at any time for distribution. This method, however, is not generally adopted, for it so often happens that at the time of making an entry in the Cash Book it is impossible to tell whether it is capital or income. If this form of Cash Book is not adopted, there should be two columns—one for detail and the other for bank. In either case,

all receipts should be paid into the bank, and all payments made by cheque.

Where any stocks or shares are held which are not quoted *ex div.*, an apportionment must be made of the interests or dividends accrued up to the date of death, for when these are received they will consist partly of capital, i.e. the amount accrued up to the date of death, and partly of income, for the portion accrued since. This is usually given effect to in the books by dividing the amount as between capital and income in the Cash Book, and posting the items to the correct column in the Ledger Account. Apportionment in the case of stocks quoted *ex div.* will have been made for Estate Duty Account.

The difference in the treatment of stocks valued *ex div.* and *cum div.* will appear from the Cash Book entries given below, and the Ledger entries on p. 13 (first two tables).

Dr.		CASH BOOK						
				£	s	d.		
Jan.	5	To 2½ per cent Consols:						
		Quarter's Dividend on £20,000, <i>less</i> tax:						
		91 days' Capital		116	8	8		
		1 day's Income		1	5	6		
Feb.	1	Great Northern Railway 4 per cent Perpetual Preference Stock:						
		Half-year's Dividend on £500, <i>less</i> tax:						
		156 days' Capital		8	0	7		
		27 days' Income		1	7	9		

It will be noticed that in the first case the balance of capital after crediting the proportion of dividend is the figure at which the stock was valued for estate duty purposes, whereas in the second case it is that value less the amount of dividend since received apportioned to capital.

Realization

An executor having obtained legal possession of the estate, must proceed to get in the same, i.e. to obtain the actual possession; and where the estate comprises investments which he is not entitled to continue to hold in their present form, he has to convert them into proper investments or into cash. It is important to note that an executor who retains in his hands cash to a larger amount than he needs for the requirements of his administration is liable to be charged interest thereon. Further, any moneys improperly retained or invested and subsequently lost, may be charged to him, and he would then be compelled to make good the loss.

The cost of converting the estate into properly

authorized investments is a charge against the capital of the estate, and so is any loss incurred by reason of an asset valued for estate duty at a given figure, or purchased by the executor, realizing a lower price when sold. Accordingly the usual method of dealing with the sale or purchase of stocks and shares is to credit the net proceeds of sale after charging brokers' commission, stamps, &c., or in the case of a purchase to debit the cost of the security plus brokerage, &c. The cost of realizing other assets, such as household goods, houses, &c., whether by auction or otherwise, will be charged to Estate Account, unless such costs have been deducted from the proceeds.

When an asset has been sold, or has ceased to exist for any cause, it is necessary to close off the capital column of the account. If a profit has been made upon realization there will be a credit balance, but if the sale has resulted in a loss, or the actual asset has been lost, there will be a debit balance. Any such balance should be transferred to the Estate Account. If a portion of a property, appearing in the books as one item, is disposed of, it is not usual to make any transfer to the Estate

LEDGER

2½ PER CENT CONSOLS

	Income				Capital				Income		
	£	s	d	Jan	By Cash	£	s	d	£	s	d
To Estate Account:											
£20,000 Stock at 76 ex div...	15,200	0	0		1 Quarter's Dividend on £20,000.						
" Interest accrued thereon, 91 day					less tax:						
less tax at 1s. 2d.	116	8			91 days' Capital	116	8				
					1 day's Income				1	5	6

GREAT NORTHERN RAILWAY 4 PER CENT PERPETUAL PREFERENCE STOCK

To Estate Account:		Feb. 1		By Cash:		Capital		Income	
£500 Stock at 103½				Half-year's Dividend on £500.		£ s d		£ s d	
				less tax:					
				156 days' Capital		8 0 7		1 7 9	
				27 days' Income					

A. Co. 4 PER CENT DEBENTURES

To Estate Account, at Valuation for Estate Duty:		Capital		Income	
		£	s	d	
100 Debentures of £10 each	{	750	0	0	
Income Bonds, nominal £60					
" Transfer to Estate Account:					
Profit on realization of part security.		61	0	0	
		811	0	0	
To Balance brought down:		1	0	0	
25 Debentures of £10 each.					

By Cash:		Capital		Income	
		£	s	d	
Redemption of Income Bonds	•	60	0	0	
" Cash:					
Sale of 75 Debentures at par		750	0	0	
" Balance carried down		1	0	0	
		811	0	0	

Account for any loss or gain that may have resulted, unless the portion realizes more than the book value of the whole. In this case such a transfer should be made as will leave a nominal balance to represent the remainder of the asset.

For example: The testator left 100 4 per cent debentures of £10 each in the A. Co. upon which interest was in arrear, and in lieu of cash he had received income bonds to the nominal value of £60. These had not been sold, and the debentures and income bonds had been valued for estate duty purposes at £750. The executors afterwards received payment in full on the income bonds, and sold £750 worth of the debentures at par. The necessary entries in the Ledger Account of the debentures are as shown on p. 13, irrespective of any interest.

Investments

An executor may be directed by the will to allow the estate to remain in its present state of investment, or may be authorized to invest in certain securities. In the absence of special directions he must limit the investments to those authorized by the Trustee Act, 1893, and the Colonial Stocks Act, 1900, under which authority come freehold lands and buildings, mortgages of such and of certain long leaseholds, and Government securities, and a long list of stocks and debentures (see also Part V, Chapter VII). It is provided that loans on the security of any property must be made on the advice of a qualified surveyor or valuer, and must not exceed two-thirds of the value of such property as stated in the surveyor's or valuer's report. If this course is not pursued, the executor will be liable for any loss that may occur.

A second mortgage is not an authorized investment.

Debts, Legacies, &c.

Steps having been taken to get in and convert the estate, an executor should proceed to reimburse himself for payments made in proving the will, paying estate duty, funeral expenses, and proper testamentary expenses, such as the costs of realization and so on.

After this the debts have to be paid before any legatees or beneficiaries can take anything.

Where the estate is sufficient to pay the debts as well as all legacies and bequests no question arises, and these will be paid as soon as can conveniently be done.

Where, however, the estate is insufficient to pay all debts, legacies, and bequests, important questions arise, for certain debts have to be paid before others, and all debts before legatees and beneficiaries; and should amounts be paid out of

their due order of priority, the executor will be responsible, and have to make them good.

For the order in which debts are payable, reference must be made to Part III, Chapter XIII.

In order that the whole of the debts may be paid, recourse may be had to the whole of the deceased's estate, and this must be done in a definite order. The following is the order in which the assets must be taken for payment of debts:—

1. The residue of general personality.
2. Any real estate expressly ordered for payment of debts.
3. Real estates descended to the heir.
4. Property, real or personal, specifically charged with payment of debts, and bequeathed, devised, or descended subject to that charge.
5. Pecuniary legacies, but a demonstrative legacy does not abate while the fund exists.
6. Real and personal estate specifically bequeathed or devised and not charged with payment of debts.
7. Real and personal estate appointed by the will under a general power of appointment.
8. Widow's paraphernalia.

This order must of course be taken as subject to anything in the will of a contrary nature.

For the further illustration of the accounts, it will be unnecessary to refer again to the case of insufficiency of assets, since this question will not affect the form of the accounts.

All payments made in respect of debts or funeral expenses will be posted to the debit of their respective accounts, and should a debit balance occur on either of these accounts, such should be transferred to the debit of the Estate Account. This will happen in the case of debts due at death by reason of further debts being paid beyond those shown in the Estate Duty Account, either because they were not allowed as a proper deduction for purposes of duty, or they were unknown at that date. In the case of the funeral expenses, it is usual for a further amount to be transferred to the Estate Account, inasmuch as nothing is allowed as a deduction for duty purposes for the memorial stone and other expenses usually incurred by the executor.

After payment of the proper expenses and the debts, the bequests of the deceased must be carried out. All legacies (with a few exceptions) are subject to legacy duty. These duties must be paid by the executor and deducted by him before paying the legacy, except where the will orders any legacy to be free of duty, in which case it is borne by the estate.

For the rates of duty, see Part III, Chapters XIII and XXVIII.

It will usually be found that bequests of a

specific nature, such as household furniture, &c., or pictures, are directed to be paid free of duty because of the difficulty of handing over the bequest with the duty deducted, which requires it to be partially realized. If this is not the case, arrangements should be made with the legatee for him to pay the duty, before handing over the bequest.

As an example. The following bequests were made:—To widow, the household furniture and £1000; to brother, £1000 free of duty; to valet, £50.

No duty is payable by the widow, as the total benefit does not exceed £2000.

The following entries will be required:—

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	Dr.	£	s	d	£	s	d
LEGACIES ACCOUNT		425	0	0			
To Household Goods					425	0	0
To transfer the latter at valuation for Estate Duty, the same having been left to the widow.							

CASH BOOK

	£	s	d	£	s	d
By LEGACIES ACCOUNT:						
Widow				1000	0	0
Brother, free of duty				1000	0	0
J. Smith (valet)	50	0	0			
• Less Legacy Duty at 10 per cent	5	0	0			
				45	0	0
LEGACY DUTY.						
5 per cent on £1000 to Brother	50	0	0			
10 per cent on £50 to J. Smith, deducted	5	0	0			
				55	0	0

LEDGER

HOUSEHOLD FURNITURE ACCOUNT

	£	s	d		£	s	d
To Estate Account, at Valuation for Estate Duty.	125	0	0	By Transfer to Legacies Account, left to Widow	425	0	0

LEGACIES ACCOUNT

	£	s	d		£	s	d
To Household Furniture left to Widow	125	0	0				
By Cash:							
Widow	1000	0	0				
Brother	1000	0	0				
J. Smith. £50 0 0							
Less Duty.. 5 0 0							
	45	0	0				
By Cash—Legacy Duty:							
5 per cent on £1000 to Brother.. £50 0 0							
10 per cent on £50 to J. Smith 5 0 0							
	55	0	0				

Annuities

The treatment of annuities will depend on the directions contained in the will, which may either indicate a fund out of which the annuity is to be paid, direct the purchase of one, direct that it be paid out of the balance of income, or leave it to the executor's judgment. If a definite fund is provided, an entry should be made debiting Estate Account and crediting Annuity Fund Account with the book value of the investment. The Annuity Fund Account will then be credited with the income received, and charged with the annuity as paid. Any balance on this account at the death of the annuitant will be transferred to the credit of the Estate Account. This earmarks the investment as being set aside for the benefit of the annuitant.

If an annuity is purchased, the amount of cash paid will be debited to the Legacies Account.

If the annuity is payable out of income, the amount will of course be charged, when paid, to the Income Account.

Where discretion is given to the executor, it is necessary to consider the probable life of the annuitant and the interests of the other parties. If an annuity is the only thing that prevents the winding up of the estate, it is usual to purchase; but where, because of other interests, the estate is bound to be carried on for a considerable time, it is usual for annuities to be paid out of income.

In all cases income tax must be deducted from the amount of the annuity when paid, in the absence of directions to the contrary.

Legacy duty is payable at the usual scale on annuities, and is calculated either on the cost, if one is purchased, or upon the present worth as ascertained from the actuarial tables. It is permissible to pay the duty in four yearly instalments, and should the annuitant die before all instalments have been paid, further instalments are not payable.

If the will directs the purchase of an annuity, the annuitant is entitled to have the capital sum paid over to him if he wishes, instead of drawing the annuity; and if he dies before the purchase, his legal representatives may claim the capital sum.

The executor is considered to have the period of one year in which to wind up the estate, during which he should collect all debts, convert unauthorized investments, pay liabilities, funeral expenses, &c., and legacies. At the end of one year the first payment of annuities is due, unless the will orders an earlier payment, and the residue of the estate should be ascertained, and, where there is a residuary legatee, paid over, or if a life tenant, the property secured for the benefit of the remaindermen.

Residue

If after payment of debts and expenses and after satisfying bequests, &c., there is a residue of the estate to be dealt with, it will be necessary to submit to Somerset House an account of it in the official form, for the purpose of having the amount of legacy duty thereon assessed. It is in somewhat similar form to the Estate Duty Account, and no further reference to it need be made here.

If the residue is left in trust with the income only to a tenant for life, the duty is not payable until his death.

Settlement Estate Duty

An extra duty of 2 per cent is payable upon all property that has been settled either by the will of the deceased, or by some other party if the property passes on the death of the deceased. This duty is only payable once during the continuance of the settlement, and is payable by the first party taking benefit under the settlement. It has not to be paid if the interest in the property passes to either the husband or wife of the deceased, nor if the value of the estate upon which estate duty is payable does not exceed £1000, apart from property which passes at the death of the deceased under a disposition made by another party, or by himself if such disposition was not his will.

The duty is payable out of the capital value of the property so settled and not out of income, so that the capital is decreased by the amount of the duty, and therefore the income will be that earned upon the smaller amount.

For example: If on A's death property (whether real or personal) valued at £10,000 is left to X for life and afterwards to Y absolutely, the duty at 2 per cent, £200, will be paid out of capital, leaving £9800, and the income from this smaller amount will be payable to X, and upon his death the capital passing to Y will be £9800.

The duty on real property may be paid either in one sum or in instalments yearly or half-yearly. Any interest that may be payable on settlement estate duty has to be borne by income.

Life Tenant and Remainderman

Where by any provision of the will the interest in certain property is left to one party for life, and on his death to another party absolutely, the former is known as the life tenant and the latter the remainderman.

In order to deal equitably between the two conflicting interests, it is necessary that the accounts should be kept on the lines indicated earlier in this

chapter, and that the entries be made in accordance with the law relating to the subject. It will easily be seen that the interest of the life tenant is to credit to income all receipts, and to charge to capital all payments, and that the interest of the remainderman is diametrically opposite. It will usually be found that it is in this connection that executors' accounts are called into question, and it is here too that an executor may incur serious personal liability; for should he pay to the life tenant more than he is entitled to do, he may be compelled to refund to the remainderman such amounts paid in excess. For this reason, therefore, it is advisable for an executor, in any case of doubt, to charge expenses to income and to credit receipts to capital, for he will incur no liability in so doing; as in the event of it being afterwards proved that expenses should have been charged to capital, or receipts credited to income, it will only mean that there is a further amount due to the life tenant, and, since the capital is not distributed, the funds are available to pay it.

It will be seen that the preparation of an Income Account is necessary in order to find the amount of income to which the life tenant is entitled, and it will be well to consider in some detail the items that are to be credited to, and charged to this account.

Credits to Income Account

Mention has already been made of the necessity

of apportionment of rents, interest on investments, &c., received after the death of the testator, but earned partly in his lifetime. The amount earned prior to the date of death forms a part of the capital of the estate, and the balance is the only part that can be credited to income. The general rule for apportionment is that the income is deemed to accrue from day to day, and that part up to and including the day of death belongs to capital.

Where the item to be apportioned is rent, it is necessary to see that the amount deducted, if any, for income tax, schedule A, is properly dealt with. Rent is usually paid quarterly, and income tax is deducted once a year only, and is in respect of a year to 5 April. If, therefore, any income tax is deducted, the proportion from 5 April to the date of death is chargeable against capital, while only a proportion of the quarter's rent is to be credited thereto.

For example. The date of death was 10 January. On 25 March one quarter's rent at £120 per annum was received, less one year's tax at 1s. 2d. on an assessment of £100 per annum

The amount of Cash received was	£30	0	0
Less Tax		5	16
	£24	3	4

This would be apportioned in the Cash Book as follows —

Mar.	25		£	s	d	£	s	d
		TO PROPERTY ACCOUNT:						
		One Quarter's Rent to date	£30	0	0			
		Less Year's Tax		5	16			
			£24	3	4			
		Capital, 16 days' Rent		5	6		8	
		Less Proportion of Tax at 1s. 2d. on £100, from 6 April to 10 January = 280 days		4	9		6	
							17	2
		Income, 74 days' Rent		24	13		4	
		Less Proportion of Tax at 1s. 2d. on £100, from 11 January to 5 April = 85 days		1	7		2	
							23	6
								2

Special treatment is required where interim dividends have been received prior to the death, and a final dividend is paid after the death. For purposes of apportionment the dividends for the year must be treated as a whole, and capital credited with the proportion of the total dividends up to the date of death, and the balance credited to income.

For example: The date of death was 10 January. An interim dividend at 10 per cent per annum, free of tax, for the half-year to 30 September, had been received upon 100 shares of £1 each in the X. Y. Z. Co., Ltd. A final dividend at 20 per cent per annum, free of tax, for the half-year to 31 March is paid on 21 April. This will be apportioned as follows. —

Dr.

CASH BOOK

			£	s.	d.	£	s.	d.
Apr.	21	To X. Y. Z. Co., Ltd.						
		Final Dividend of 20 per cent per annum for the half-year, free of tax on 100 shares of £1 each. £10, making with Interim Dividend of 10 per cent per annum, a total of 15 per cent per annum for the year to 31 March.						
		Capital, 285 days	11	14	3			
		Less Interim Dividend	5	0	0			
		Income, 80 days				6	14	3
						3	5	9

If, however, apportioning the dividends in this way leads to an amount appearing as due to be credited to income larger than the actual amount received as the final dividend, this cannot stand, for the amounts received prior to the death have been merged into the deceased's estate. In this event income would be credited with the actual amount of the final dividend. It is, of course, evident from this that if no final dividend is received there will be nothing to credit to income. For example: If in the previous illustration the final dividend had been at the rate of 2 per cent per annum for the half-year, i.e. £1, this is the amount that would be credited to income, for an apportionment on the general rule would lead to the following result:—

Final Dividend of 2 per cent per annum for the half-year, making with the Interim Dividend of 10 per cent per annum, a total of 6 per cent per annum for the year to 31 March.

	£	s.	d.	£	s.	d.
Capital, 285 days	4	13	8			
Less Interim Dividend.	5	0	0			
To be refunded to Income		6	4			
Income, 80 days				1	6	4

In fact only £1 has been received, and this amount is the only income to be dealt with.

If, after the date of death, arrears of preference dividends are received, they must be dealt with according to the period in which the profits providing such dividends were earned, and not according to the period for which they are payable. If the dividend is declared out of profits earned in a period which is wholly before the date of death, it is capital. If declared out of profits earned in a period during which the death took place, the dividend must be apportioned according to the usual rules, even if the whole of the dividends were arrears due before the date of death. If declared out of profits earned in a period subsequent to that in which the death took place the whole is income,

whether any portion was due prior to the date of death or not.

For example. The date of death was 1 July, 1910. On 20 February, 1911, there was received in respect of 100 Preference Shares of £10 each in the A. Co., arrears of dividend at 5 per cent per annum for the three years ended 31 December, 1909, and dividend for the year ended 31 December, 1910: the whole of which had been earned during the year ended 31 December, 1910. The amount received was £200, less tax at 1s. 2d., £11. 13s. 4d. = £188. 6s. 8d.

This would be apportioned as follows

	£	s.	d.	£	s.	d.
To A. Co. Preference Dividend of 20 per cent, being Arrears for three years to 31 December, 1909, and Dividend for one year to 31 December, 1910	200	0	0			
Less Tax at 1s. 2d.	11	13	4			
	188	6	8			
Capital, 6 months				94	3	4
Income, 6 months				94	3	4

The whole of the interest on investments, rents, &c., earned after the death of the testator, and actually received during the period for which an Income Account is required, will be credited to income. Upon the death of a tenant for life, income must be credited with the apportionment of interest, rents, &c., earned during his lifetime and paid after his death.

With regard to leaseholds and other assets of a wasting nature, if the property is specifically settled for the enjoyment of the life tenant, he is entitled to the income received in respect thereof. Where, however, the property has been left for conversion into proper trustee securities, but has not been so converted, the life tenant is only entitled to the interest that would have been received had the property been sold at the end of one year from the death and invested in Consols. In such cases, therefore, which, however, will not often be met

with, it will be necessary to calculate the amount to which the life tenant is so entitled, and with that the Income Account will be credited. The balance in excess will be credited to the Estate Account.

Loss on Realization of Mortgage Security

Where the interest on any mortgage has fallen into arrears, and the security is afterwards realized at a figure insufficient to pay the principal and interest in full, an apportionment must be made to ascertain the amount that has to be credited to income, for both principal and interest have to bear a proportion of the loss. The method can be best shown by an illustration.

The mortgage debt was £5000, and arrears of interest amounted to £600. The net amount realized upon the sale of the security amounted to £4000.

This will be divided as follows:—

Total amount of principal and interest £5600.

Therefore Capital takes	$\frac{5000}{5600}$	of £4000 = £3571. 8s. 7d
Income takes	$\frac{600}{5600}$	of £4000 = £428. 11s. 5d

It is important to note that if, during the course of administration, stocks or shares are bought or sold, no apportionment has to be made in respect of the interest accrued up to the date of purchase or sale, but the total amount paid or received is a capital item. For example: If on 1 July £1000 of Consols are purchased at 75, on 5 July the interest will be received and the full amount of the interest will be credited to income, although it is quite evident that the price included practically the whole of it. The life tenant in this case gets the full quarter's interest, although the investment has only been made for four days. On the other hand, if the stock had been sold on the same day the total proceeds is capital, and although almost the whole of the quarter's interest has been earned and is included in the price, Income Account will not be credited with anything. It may be remarked, however, that if this were done designedly to any extent, for the benefit of the life tenant or the remainderman, the Court would order an adjustment.

Charges against Income Account

• The general rule is that the whole of the expenses incurred in carrying on and maintaining the estate are chargeable to income. The expenses of realizing the estate are charges against the capital. It is usual for expenses chargeable against capital to be posted to Testamentary Expenses

Account, the balance of which will be transferred to Estate Account. Expenses chargeable against income should be posted to Executorship Expenses Account, and the balance of this account will be transferred to Income Account. In large estates there may be some difficulty in dividing the expenses properly, in which case it will be necessary to apply to the Court for directions.

It may perhaps be useful to refer particularly to some items that come regularly to one's notice.

Estate duty is obviously a capital charge, but interest thereon has to be borne by income.

Interest on legacies, where payable, has also to be borne by income.

Repairs to freehold or leasehold properties are chargeable against income unless the repairs are in the nature of improvements, when they are chargeable against capital. A life tenant of freeholds is not liable for repairs, and if he does the repairs it must be at his own cost and not out of the estate. If for the purpose of letting a property it is necessary to do heavy repairs or alterations, the cost of this falls upon the estate.

Costs of buying or selling investments, and any losses incurred upon the sale of investments, have to be borne by capital, and per contra the profits upon the sale of investments are credited to capital.

The costs incurred on the death or retirement of trustees and the appointment of new ones fall upon capital and not upon income.

Statement of Accounts

In order to show the results of the administration of an estate for any period, it will be necessary to prepare an Income Account, and this, together with the Estate Account for the same period and a Statement of Balances at the final date, will give all the information that is required. It is usual in submitting Statements of Accounts to show also the personal accounts of the beneficiaries.

The Income Account is prepared by transferring thereto all the balances of the income columns of each Investment Account and the balance of the Executorship Expenses Account, and any other expenses that are properly chargeable to income. It should be noted that no amounts must be credited to Income Account that have not actually been received, for should any amounts be so credited and the income divided, and afterwards the amounts are not received, the executor might be personally liable to make good the loss.

Therefore, if amounts of rents, interests, &c., have been earned during the period but not actually received, these will not be dealt with until the following period. On the other hand, it is not usual to bring into the accounts liabilities that

have been incurred but not paid, although there does not appear to be any good reason for this. It is, however, occasionally done, and the writer would prefer to bring in any known liability if of sufficient amount, taking the size of the estate into consideration. Where a trade is being carried on by the executors, the accounts of such will be prepared on an ordinary commercial basis with accruing revenue and expenditure.

The Estate Account will show what amounts have been charged thereto, whether for estate duty, legacies, annuities purchased, losses on sale of investments or other capital losses, and all expenses chargeable against the capital of the estate.

The credits will consist of profits on sale of investments, any sums received in excess of the valuation for duty purposes of assets (as the surplus assets of a company in which shares were held), any dividends received after death but earned either wholly or in part during the testator's lifetime, or any surplus profits from unauthorized investments.

The Statement of Balances is called by some the Balance Sheet, but it differs from a commercial Balance Sheet in the fact that outstandings are not included, and further that nothing is allowed for depreciation.

The items on the debit side, i.e. liabilities, consist of the actual liabilities if any, and the Estate Account, and where such applies, an Annuity Fund Account. The actual liabilities may include liabilities to solicitors or other agents who have made disbursements on behalf of the estate, and amounts due to beneficiaries.

The credit or asset side consists of all the investments (distinction being frequently shown

between the investments left by the testator and those made by the executor), cash balances, and sums due to the estate by solicitors or other agents, and by beneficiaries for amounts overdrawn. If any annuity or other special fund exists, the investments comprising the same will also appear. In every case it must be noted that the book value of the investment is shown quite irrespective of the present value, so long as the asset exists. The book value will either be the valuation made for estate duty purposes, plus any further expenditure, where the assets existed at the date of death, or in the case of after-acquired assets the actual cost. Nothing whatever is allowed for depreciation until the asset has been disposed of, or definitely ascertained to be of no value.

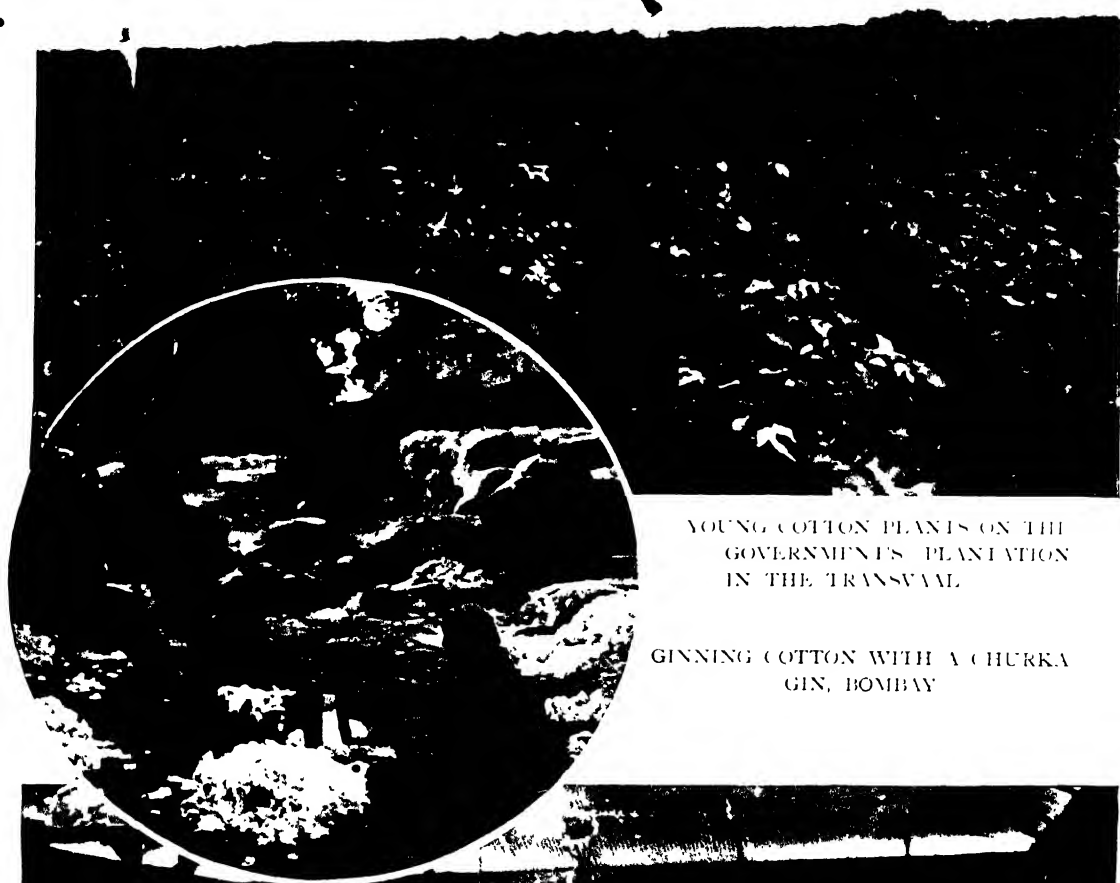
As an example, it will be useful to consider the following Trial Balance. This has been extracted from the books before transferring any balances to Income Account, and is taken at the first anniversary of the date of death. The property was left, after payment of sundry legacies amounting to £1000, and an annuity of £1000 per annum to the widow, to the son for life, subject to the provision for a daughter, who was *non compos mentis*, of an income of £250 per annum, for which £10,000 worth of Consols had been set aside.

The balance of Estate Account is the net value of the deceased's Estate after deducting Debts and Funeral Expenses £100,764 11 3. From which has been deducted the valuation of £10,000 worth of Consols transferred to a special Annuity Fund Account for the benefit of the daughter 7,600 0 0. As per Trial Balance ... £93,164 11 3.

ESTATE OF J. SMITH (DECEASED)

TRIAL BALANCE, 5 JANUARY, 1912

	£	s.	d.	£	s.	d.
Estate Account				93,164	11	3
Testamentary Expenses	748	10	6			
Executorship Expenses	136	3	8			
Debts due at Death (further amounts paid)	20	3	2			
Funeral Expenses (further amounts paid)	35	16	0			
2½ per cent Consols: Capital £50,000 at 76	38,000	0	0			
" " Interest				1,177	1	8
X Freehold Property	50,000	0	0			
" " Rents, &c.				1,857	10	8
Legacies Account	1,000	0	0			
Widow's Annuity Account	941	13	4			
" " due 1 Quarter				235	8	4
J. Smith, Junior (payments on account)	277	11	6			
Special Annuity Fund Account				7,600	0	0
2½ per cent Consols: £10,000 at 76 (annuity fund)	7,600	0	0			
Mortgage: secured upon the Y Property at 4 per cent	5,900	0	0			
" " Interest				185	15	1
Cash at Bank	234	3	2			
Cash in hands of A. B. & C., Solicitors	126	5	8			
	104,220	7	0	104,220	7	0



YOUNG COTTON PLANTS ON THE
GOVERNMENT'S PLANTATION
IN THE TRANSVAAL

GINNING COTTON WITH A CHURKA
GIN, BOMBAY



HYDRAULIC PRESS HOUSE, BOMBAY

(By permission of Messrs. Dobson & Barlow)

INCOME ACCOUNT, YEAR ENDED 5 JANUARY, 1912

	£	s.	d.		£	s.	d.
To Executorship Expenses	136	3	8	By Interest on Investments: 2½			
" Widow's Annuity £1000 0 0				per cent Consols	1177	1	8
Less Tax at 1s. 2d. 58 6 8				" Interest on Mortgages: Y's			
	941	13	4	Mortgage	185	15	1
" J. Smith, Junior:				" Rents and Ground Rents:			
Balance of Income trans-				X's Freehold Property	1857	10	8
ferred	2142	10	5				
	3220	7	5		3220	7	5

ESTATE ACCOUNT, 5 JANUARY, 1912

	£	s.	d.		£	s.	d.	£	s.	d.
To Further Debts due at death	20	3	2	By Sundry Assets as per Valuation for Estate Duty Account ...	101,208	15	0			
" Further Funeral Expenses	35	16	0	Less Debts due at death and Funeral Expenses	444	3	9			
" Testamentary Expenses	748	10	6					100,764	11	3
" Transfer to Special Annuity Fund Account: £10,000 of Consols	7,600	0	0							
" Legacies	1,000	0	0							
" Balance carried down	91,360	1	7							
	100,764	11	3	By Balance brought down				91,360	1	7

STATEMENT OF BALANCES, 5 JANUARY, 1912

	£	s.	d.		£	s.	d.
To Estate Account: Balance	91,360	1	7	By Investments: £50,000 2½ per cent Consols	38,000	0	0
" Special Annuity Fund Account as per contra	£7600			" Freehold Properties: X's Property	50,000	0	0
" Widow: 1 Quarter's Annuity due	235	8	4	" Mortgages, &c.: Y's Mortgage at 4 per cent	5,000	0	0
" J. Smith, Junior:				" Investments of Special Annuity Fund: £10,000 2½ per cent Consols	£7600		
Balance of Income Account	£2142 10 5			" Cash at Bank and in hand:			
Less Drawings	377 11 6			At Bank	£234 3 2		
	1,764	18	11	In hands of A., B., & C.	126 5 8		
	93,360	8	10		360	8	10
					93,360	8	10

RECEIVERSHIP ACCOUNTS

A Receiver may be appointed either by an individual or by the Court.

The appointment is made by an individual where default has been made under a mortgage, and in

certain instances on the default of a company to its debenture holders.

All other appointments are made by the Court.

Appointment by Mortgagee

The mortgage deed provides for the repayment of the principal sum with interest on a certain day, upon which the property is to be reconveyed to the mortgagor. If default is made in the repayment of the principal sum, the mortgagor has what is known as the equity of redemption. This is the right to regain possession of his land upon payment of principal, interest, and costs at any time within twelve years from making the default. This right is terminated if the mortgagee obtains an order for foreclosure. (As to the remedies of a mortgagee, see Part III, Chapter XII.)

The remedy by means of the appointment of a Receiver calls for special consideration here. The power to do this arises when there is a power of sale, and is exercised by the mortgagee in writing under his own hand.

The Receiver has to recover all the income of the property whether by action or otherwise, for which he can give effectual receipts.

The income received has to be applied—

- 1stly. In payment of rent, rates, taxes, &c., affecting the property.
- 2ndly. In keeping down any charges having priority to the mortgage.
- 3rdly. In paying his own commission, proper insurance premiums, and the cost of executing necessary repairs (not exceeding one year's income).
- 4thly. In paying the interest accruing on the mortgage.

The balance belongs to the party who would have been entitled to the income but for the appointment of the Receiver, and must be paid over to him.

The Receiver's remuneration is fixed by agreement at the time of his appointment by the mortgagee, but is not to exceed 5 per cent of the gross amount of the receipts without the leave of the Court, and this has to include all costs, charges, and expenses.

The mortgagee may remove a Receiver by notice in writing, and may appoint another in his place.

The accounts will be a statement of receipts and payments, and the Receiver should be prepared to render his accounts, properly supported by vouchers, at any time.

Appointments by the Court

An appointment by the Court may be made either "*pendente lite*" or "by way of equitable execution".

The former is made for the protection of property during a dispute, for the benefit of the parties to

whom the property will go when the dispute is settled.

The latter is made when judgment has been obtained by one party, but the property of the debtor is such that it cannot be seized and sold in the ordinary course.

Where a business is being carried on, the Receiver appointed *pendente lite* will often be appointed manager also, but no powers of management are given to a Receiver appointed by way of equitable execution.

A Receiver is appointed for an indefinite period, but a manager's appointment is limited as a rule to six months, as it is made with the view to a disposal of the business. If the period given in the first appointment is insufficient, an extension will be granted upon application to the Court.

Generally security has to be given by the Receiver, which may be either in his own recognisances with two or more sureties, or more usually, by way of a guarantee bond of an insurance company.

The amount of the security will be considerably higher than any sum likely to be in the possession of the Receiver at any time, and the cost of the premiums has to be borne by the Receiver personally. Endeavour should be made to get the amount of the security fixed at a reasonable figure.

Security may not be required where the judgment creditor is appointed Receiver by way of equitable execution of property to which the debtor is entitled. It may also be waived when an innocent partner is appointed in a partnership dispute.

Duties of Receiver

A Receiver must take steps immediately upon his appointment to obtain possession of the property and to collect the rents or other profits arising therefrom.

If any rent due to the estate is in arrear at the date of appointment, the Receiver must endeavour to recover it by action or otherwise, but if more than one year in arrear the consent of the Court must first be obtained before any action is commenced.

When execution has been obtained by a creditor prior to the appointment of a Receiver, the completion of such appointment stops any further steps, and if the creditor has not obtained his money the Receiver is entitled to the goods as against the creditor.

A Receiver may not spend large sums on repairs, the amount of £30 being suggested as a limit in an ordinary case. If he is manager also he may only incur expenditure in the usual course of the trade that is being carried on. He has very little discretion allowed him, but must apply to the

In any case a Receiver must pass his final account, and pay into Court any balance, before his recognisances can be vacated. If the security has been given by an insurance company, a rebate can

No. of Item.	Date when Received.	Tenants' Names.	Description of Premises.	Annual Rent.	Arrears Due at	Amount Due at	Amount Received.	Arrears remaining Due.	Observations.
			•						

be obtained for the unexpired portion (if any) of the period for which the premium has been paid.

For Debenture Holders

Special considerations attach to the appointment of a Receiver for debenture holders of a company incorporated under the Companies' Acts. He may be appointed either by the Court or by trustees for debenture holders (see also Part III, Chapter IV).

Trustees have power to appoint a Receiver in the following instances:—

- (a) Where the deed gives a fixed charge upon the freehold and leasehold properties. In this case the property is actually mortgaged to the trustees, who are therefore in the same position as any other mortgagees as to their possible remedies.
- (b) Where the deed gives a power to the trustees to appoint a Receiver in certain circumstances.

Where there is a floating charge (i.e. a charge upon the assets as they exist at the time of default) and no power is given for the trustees to appoint a Receiver, there is a right to apply to the Court for the appointment of one on any of the following grounds:—

The company is in default with regard to either principal or interest, or is insolvent, or goes into liquidation, or sells its assets outside the powers in the memorandum, or execution is levied on the property charged to the debenture holders.

If the business is being carried on, the Receiver will usually be appointed manager also.

If the appointment is made by the Court, security must be given in the usual way.

A Receiver has a personal responsibility for all expenses incurred in carrying on the business if he has been appointed by the Court and the debentures only had a floating charge. If he wishes to borrow money for the purposes of carrying on, he should apply for leave to do so on the security of the assets in priority to the debenture holders. If he does not do this and has not expressly stipulated with the lenders that he accepts no responsibility, he will be liable for the repayment.

No exceptional expenditure may be incurred without the previous leave of the Court.

If the debentures only had a floating charge upon the property, the preferential creditors must be paid out of the proceeds of the property before the debenture holders. They are as follows:—

Local rates due for payment and which have become due within one year, and Imperial taxes assessed on the company up to the 5 April previous.

Wages or salary of clerk or servant for not more than four months, or not exceeding £50.

Wages of labourer or workman for not more than two months, or not exceeding £25.

Labourer in husbandry for such proportion of wages due as the Court may decide.

Workmen's compensation not exceeding £100.

The accounts of a Receiver are required to be in the usual form of Personal Estate Account, and must be filed every half-year within thirty days.

The remuneration and the discharge of a Receiver for debenture holders appointed by the Court follow the same rules as any other appointment by the Court.

CHAPTER XIII

SYSTEMS AND FORMS APPLICABLE TO VARIOUS BUSINESSES

Branch Accounts—Departmental Accounts—Consignment Accounts—Agency Accounts—Cost Accounts—
Hire-purchase Accounts—Stock and Stores Accounts—Tabular Accounts.

BRANCH ACCOUNTS

The form of accounts necessary satisfactorily to record the transactions of Branch businesses depends primarily on whether the complete records are to be kept at the Head Office or not.

In many businesses, as for example that of a grocer with a number of Branch shops all doing a retail cash trade, it is evident that the cost of keeping the accounts at each Branch would be considerably higher than the value of the information would warrant, because it would be necessary to employ extra clerical assistance of a fairly skilled nature at each Branch.

In other businesses, such as those of a wholesale nature doing a credit business, it may be that the extra clerical work would not be an expensive item, but that there is no satisfactory check upon the work of the Branch unless the accounts are kept at the Head Office. In actual practice the answer in such cases depends upon whether a local audit of the Branch accounts is made or not. It often happens that although fairly complete accounts are kept at the Branch, complete accounts are also kept at the Head Office, because for some reason no local audit is made.

Complete Accounts kept at Branch

Let us consider first the case in which the complete accounts are not kept at the Head Office.

Head Office Books.—In the Head Office books it will be necessary to open a Branch Office Account. This will be debited with all goods sent to the Branch, and all cash remitted, and also with any expenses paid at the Head Office on behalf of the Branch. On the other hand, it will be credited with all cash sent by the Branch to the Head Office, or collected by the Head Office, and also any returns of goods from the Branch. For example: Goods to the value of £5000 had been purchased for, and sent to the Branch. Cash had been remitted to the Branch to open a local banking account, to the amount of £100, and the salary of the manager, £250, had been paid by the Head Office. Goods to the amount of £100 had been returned to the Head Office as unsuitable, £2000 had been remitted by the Branch Office, and £120 had been paid by customers of the Branch direct to the Head Office. The Branch Office Account will be as follows:—

Dr.				BRANCH OFFICE ACCOUNT				Cr.			
	£	s.	d.		£	s.	d.		£	s.	d.
To Goods sent to Branch	5000	0	0	By Goods returned from Branch	100	0	0				
" Cash remitted to Branch	100	0	0	" Cash remitted by Branch	2000	0	0				
" Manager's Salary	250	0	0	" Cash collected	120	0	0				
				" Balance	3130	0	0				
	5350	0	0		5350	0	0				
To Balance	3130	0	0								

Branch Office Books.—In the Branch books will be opened a Head Office Account which will reflect all the entries made in the Head Office books. It is important that any transaction at the Head Office made on behalf of the Branch should be communicated to the Branch so that the corresponding entry can be made; as, in the foregoing illustration, the cash collected from customers of the Branch.

A debit balance in the Head Office books represents the capital that has been put into the Branch, and will appear as a credit balance in the Branch

books in the same way as any other item of capital. The Branch books will therefore show the items upon which the capital has been expended, and a Trial Balance extracted after all revenue balances have been transferred to the Profit and Loss Account will disclose the assets and liabilities, the difference between which represents the capital.

In continuation of the example given above, the following is the Trial Balance of the Branch books at the end of a year's trading after the preparation of a Profit and Loss Account:—

	£	s.	d.	£	s.	d.
Head Office Account				3130	0	0
Stock	1100	0	0			
Sundry Debtors	2150	0	0			
Sundry Creditors				58	0	0
Cash at Bank	156	0	0			
Petty Cash in hand	12	0	0			
Furniture, Fittings, &c.	50	0	0			
Profit and Loss Account Balance				280	0	0
	3468	0	0	3468	0	0

To close the Branch books the credit balance of Profit and Loss Account must be transferred to the Head Office Account, and in the Head Office books the Branch will be debited and the General Profit and Loss Account credited with a similar amount. A debit balance on the Branch Profit and Loss Account would also be transferred in the like way.

When the Head Office Balance Sheet is prepared the Trial Balance will show a debit of £3410 to the Branch. The Branch Trial Balance will show a credit of this amount to the Head Office, and these two amounts are treated as contras. The actual Assets and Liabilities of the Branch will then be incorporated in the Balance Sheet of the Head Office.

Goods and Cash in Transit

It may happen that items of goods or cash may be sent by the Head Office to the Branch at the end of the period, which are not received by the Branch until the following period. The accounts will therefore not agree, and it will be necessary for the Head Office to adjust this difference, by transferring to a Goods in Transit Account, or Remittance in Transit Account, such items of goods or cash as have not reached the Branch during the period.

Inter-branch Transactions

If there are several branches which have dealings

with one another such dealings must be reflected in the Head Office books besides being duly recorded in each Branch's books. For example "A" Branch sends to "B" Branch £250 Goods, which it is not intended should be returned by "B" Branch, but settled in account with the Head Office.

In A Branch books, the debit to B Branch of £250 will be transferred to the Head Office Account, and similarly in B Branch books the credit to A Branch will be transferred to the Head Office Account. The necessary entry in the Head Office books will be to debit B Branch and credit A Branch with £250, Goods transferred.

If, however, Branches have dealings with one another which it is intended should be settled by the Branches, there may appear at the date upon which a Balance Sheet is to be prepared, debts due by one Branch to another which will appear as a debt in one Branch trial balance and a liability in the trial balance of the other Branch. Care must be taken to eliminate such items, for the business cannot owe itself money, and if this is not done the debtors and creditors would both be swollen by these amounts.

Incorporation of Branch Accounts

The Profit and Loss Account prepared by the Head Office, will usually show the details of the business done by the Head Office and the balance of profit or loss thereon, and bring in the profit or loss of each branch in one item. In this case the

goods sent to Branches will be treated by the Head Office as sales, but if no profit is made thereon the item should be shown separately and not included in the general sales. It is, however, sometimes required to show the details of the business as a whole, as in the case of an undertaking where the Head Office is merely a buying and distributing centre, and all sales are made by the Branches. In this case it is necessary to set off all

transactions between the Branches which would appear as a purchase by one and a sale by the other, as well as similar items between the Head Office and the Branches. To this end goods sent to Branches by the Head Office must not be treated as sales, but should be debited to a separate account. For example: in the illustration already used the Profit and Loss Account for the Branch was as follows:—

	£	s	d.		£	s	d.
To Goods from Head Office.....	£5000	0	0	By Sales	4730	0	0
Less Returns.....	100	0	0	" Stock	1100	0	0
" Manager's Salary.....		4900	0				
" Sundry Expenses.....		250	0				
" Balance being Profit ..		400	0				
		280	0				
		5830	0			5830	0

The figure in the Head Office books for Goods sent to Branch less Returns, £4900, has to be set off against that item in the Branch books, the remaining items in the Branch Profit and Loss Account being brought into the General Profit and Loss Account together with the figures of the other Branches.

If any expenditure is incurred at a Branch upon Fixed Assets, it is often advisable to transfer such expenditure to the Head Office. By this means all such items appear together in the Head Office books, leaving only the Floating Assets in the Branch books. If this is done, the depreciation upon such items as Plant, or Leasehold Premises, will be credited to the Asset Account and debited to the respective Branches in the Head Office books. The Branch will reflect this by crediting the Head Office and debiting Profit and Loss Account therewith.

Complete Accounts kept at Head Office

When the full record of the transactions of the Branch is intended to be kept at the Head Office, it is necessary for the Branch to furnish periodically returns of all transactions that have taken place there. The period for which these returns are made, naturally depends upon the requirements of the particular business. In the case of Retail Branch Shops doing a cash business the Returns are made daily and the Cash Takings are also forwarded daily. Many trading businesses make a weekly return, but Mining Companies and Branches abroad usually render them monthly. The monthly returns of Rubber and Oil Companies not only

show the transactions for the month, but the total transactions for the previous months, so that at the end of the financial year all the information is included in one return in total, and is then incorporated in the Head Office books.

The matter contained in the Returns is likewise varied and depends entirely upon the requirements of the business.

Returns from Branches.—A Branch doing a cash business only, in which the expenses are paid out of Petty Cash kept on the Imprest System, will only show on its Return the daily takings.

If a retail credit business is done it will be necessary to include the sales, which is done usually by means of a duplicate Day Book, the original of which is kept at the Branch and the carbon copy sent to the Head Office. The Invoices may be sent out by the Branch, in which case a triplicate Day Book may be kept, the original copy of which forms the Invoice.

If the Branch keeps a complete set of books it is usual to send to the Head Office copies of Cash Book, Day Book, and Journal, and any other subsidiary books, but not a copy of the Ledger. Periodically a copy of the Branch Trial Balance is sent which enables the Head Office to agree the postings. This is the method usually adopted by Mining Companies.

The form of Return used by Rubber Companies is generally that of a carefully analysed Cash Account in which all the expenditure is allocated to the different headings. At the date of closing the books this must be accompanied by a Statement of outstandings (usually analysed on a supplementary Cash Sheet) and the Trial Balance.

Form of Head Office Accounts

The form of the accounts to be kept at the Head Office naturally depends upon the business and the returns supplied by the Branches, but the matter is largely governed by a consideration of the desirability of showing the result of the Trading of the Branch, or of keeping a good check upon the Stocks dealt in by the Branch where the business is a trading concern.

The usual requirement is to show the result of transactions of the Branch on its own basis, or of a series of branches. If the Returns simply show the daily takings these may be summarized in a book at the Head Office, the details of which will agree with the entries in the Cash Book, and the

totals, for whatever period is taken, posted to the Sales Account either of each Branch or of the whole of the Branches.

For example: A Grocery business having twenty Branch shops, the takings of which are sent to the Head Office daily and which agree with the totals shown on the daily returns. The cash is entered in the Cash Book in the usual way, but is not usually posted to the Ledger Account in separate items, but in total to the Sales Account. This is agreed by summarizing the takings for each Branch over a period; or a common method is to enter in the Cash Book the total takings for each day as shown by the Takings Book, the totals of which are posted to the credit of a Sales Account for each Branch, as in the following illustration:—

TAKINGS SUMMARY BOOK

Branch.	Monday.			Tuesday.			Wednesday.			Thursday.			Friday.			Saturday.			Total for Week ending			Posting Folio
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	
16 Harrow Road	42	3	4	30	6	11	38	4	2	15	1	4	60	8	6	108	2	5	294	6	8	L. 14
68 Rye Lane..... <i>et seq.</i>	14	6	5	29	3	2	35	5	11	30	18	6	60	15	2	87	16	9	255	5	11	L. 28
	643	2	4	564	13	6	726	13	0	490	15	1	1560	4	2	2096	15	0	6082	3	1	
	C.B. 24			C.B. 25			C.B. 25			C.B. 26			C.B. 28			C.B. 30						

If credit sales are made at the Branches it is not unusual for the Customers' Ledgers to be kept there. In this case the total of the Credit Sales will be posted to a Total Debtors' Account for that Branch in the Head Office books, and the cash collected by the Branch in respect thereof credited in total to the same account. The balance of this account will represent the sundry debtors outstanding at any time, and must agree with the total of the balances in the Branch books.

If a set of books is kept at the Branch and copies are sent to the Head Office, entries should be posted to a duplicate set of books which should agree in every respect with those at the Branch, any entries made at the Head Office that have not emanated from the Branch being sent to the Branch. The incorporation of the accounts will then follow the usual lines of a subsidiary set of books as if they were kept at the Branch, for which see p. 26.

The incorporation of the returns from a Branch in the form of an analysed Cash Account is best effected by means of the Journal, which may be

posted to a subsidiary Ledger* or to the ordinary books according to the requirements of the particular case. It may perhaps best be explained by an example. The following is a condensed Statement of Expenditure of a Rubber Company for the final month of the year, and therefore covers the whole expenditure for the year:—

	£	s.	d.
General Charges (proportion) ...	516	4	2
Rubber Cultivation ...	1984	6	2
Rubber Manufacture ...	456	2	8
Upkeep of Buildings ...	100	1	11
Total Revenue Charges ...	3056	14	11
Upkeep of Immature Areas ...	1758	4	1
Nurseries* ...	28	16	4
New Clearings ...	156	3	8
New Buildings and Machinery ...	584	0	0
General Charges (proportion) ...	413	0	1
Total Capital Expenditure ...	2940	4	2
Grand Total ...	5996	19	1

The Remittances to the Estate will have been posted to such an account as Estate Account-Current, or if the remittances have been sent to

an agent then they will have been debited to him. The Expenditure will therefore be credited to that account by a Journal entry as follows:—

	£	s.	d.		£	s.	d.		£	s.
SUNDRIES Dr.										
To Estate Account Current									5996	19
To transfer expenditure for the year.										
CHARGES AGAINST REVENUE Dr.					3056	14	11			
General Charges	516	4	2							
Rubber Cultivation	1984	6	2							
Rubber Manufacture	456	2	8							
Upkeep of Buildings	100	1	11							
NEW BUILDINGS AND MACHINERY Dr.					584	0	0			
DEVELOPMENT EXPENDITURE Dr.					2356	4	2			
Upkeep of Immature Areas	1758	4	1							
Nurseries	28	16	4							
New Clearings	156	3	8							
Proportion of General Charges	413	0	1							

Any local receipts will be debited to the Estate Account Current and credited to the account applicable. The balance remaining to the debit of the Estate Account Current will then represent the balance in the hands of the manager, and should agree with the figures supplied from the Estate. It must be noted, however, that although the debit balance on Estate Account Current is nominally cash, in most cases the actual cash on the Estate has been expended either wholly or in part upon items not chargeable to the current year, such as advance expenditure, or stocks of rice or other stores, &c., and therefore the balance shown in the Head Office books as balance on the Estate Account Current must be included in the Balance Sheet under the proper headings as shown by the Trial Balance from the Estate.

Head Office Accounts to check Branch Stocks

If it is required to keep the accounts of a Branch in such a manner as will prove an effective check upon the Stocks, special arrangements are necessary.

A business sends to a Branch certain stocks, the sale price of which does not vary, and it is required to be able to tell from the Head Office books the amount of stock existing at any time. The Branch should be debited with the Sale Price of goods sent there; but inasmuch as these are not actually sales it is incorrect to credit them to the Sales Account. It will therefore be necessary to open some form

of Suspense Account to which the credit is posted. As the sales occur, or periodically, it will be necessary to adjust this account and transfer the actual sales to the Sales Account; for the entry recording sales by the Branch will credit the Branch Account and debit the customer if a credit sale, or debit Cash if a cash sale. Any allowance off the selling price made by the Head Office will be credited to the Branch Account and debited to the Suspense Account. At the end of any period the Stock valued at sale price should equal the balance shown in the books. It will of course be necessary to write off any shortage that may appear upon stock-taking. The balance on the Branch Account will therefore consist of the sale value of the goods in stock, and there will appear a credit of the like amount on the Suspense Account. These must then be treated as *contras* when preparing the final accounts, and the figure of stock taken at cost brought into the accounts in the usual way.

The following is an example of this method:—
Head Office sent to Branch goods to the sale value of £2000. £50 worth of goods were returned, and a reduction in the selling price to the amount of £100 was afterwards made. Credit sales were £680, of which £530 had been paid. Cash sales, £730. Stocktaking showed a shortage of £15, the sale value being £425. The value of the stock at cost price was £340. For the purpose of illustration the Trading Account will only show the figures of one Branch, and will not deal with expenses.

<i>Dr.</i> BRANCH ACCOUNT				<i>Cr.</i>			
	£	s.	d.		£	s.	d.
To Goods to Branch	2000	0	0	By Goods returned.....	50	0	0
				" Allowance	100	0	0
				" Sundry Debtors for Credit Sales...	680	0	0
				" Cash Sales.....	730	0	0
				" Shortage of Stock	15	0	0
				" Stock at Sale Price.....	425	0	0
	2000	0	0		2000	0	0
To Balance brought down, being Stock..	425	0	0				

<i>Dr.</i> BRANCH SUSPENSE ACCOUNT				<i>Cr.</i>			
	£	s.	d.		£	s.	d.
To Goods Returned.....	50	0	0	By Goods to Branch at Sale Price.....	2000	0	0
" Allowance.....	100	0	0				
" Trading Account: Branch Sales to date.....	1410	0	0				
" Branch Account: Shortage on Stock	15	0	0				
" Balance: Stock at Sale Price.....	425	0	0				
	2000	0	0		2000	0	0
				By Balance: Stock at Sale Price.....	425	0	0

<i>Dr.</i> SUNDRY DEBTORS ACCOUNT				<i>Cr.</i>			
	£	s.	d.		£	s.	d.
To Branch Account: Sales on Credit..	680	0	0	By Cash	530	0	0
				" Balance..	150	0	0
	680	0	0		680	0	0
To Balance	150	0	0				

<i>Dr.</i> TRADING ACCOUNT				<i>Cr.</i>			
	£	s.	d.		£	s.	d.
To Purchases.....	1600	0	0	By Sales	1410	0	0
" Balance, being Profit.....	150	0	0	" Stock at Cost carried down	340	0	0
	1750	0	0		1750	0	0
To Balance brought down, being Stock...	340	0	0				

Foreign Branches

The accounts of Foreign Branches are kept on the same lines as other branches of a similar nature, with the one exception of the question of Exchange.

The Exchange is the comparison of the currency of one country with that of another, the rate of which varies from day to day. The London quotation in the daily papers is generally expressed in

the number of the foreign standard that can be purchased for, or purchase £1 sterling, but some standards are expressed in their value in English money.

The books of a Foreign Branch will of course be kept in the local currency, and present no difficulty until it is required to incorporate the Branch figures in the Head Office books, when it will be necessary to convert the currency into sterling. The rate of exchange at which the conversion is to be made

may be either at a fixed rate, an average rate, or the rate of the day. (See Part IV, Chapter V.)

The fixed rate is an artificial one, made for purposes of convenience, and is usually an approximation to the real rate ignoring small differences. For example, the rupee is worth, say 1s. 4d. $\frac{3}{4}$, and is generally somewhere about that figure. In many houses a fixed rate of 1s. 4d. is used, i.e. 15 to the £.

The average rate is arrived at by comparing the total remittances sent from Head Office to Branch with the total amount of the currency received at the Branch.

For example: Three remittances of £1000 each were sent to a Branch in Paris and realized fr. 252775, fr. 252425, and fr. 252600; i.e. £3000 realized fr. 757800, or an average of 25·26 francs to the £1.

The rate of the day is the quoted rate on the date to which the accounts are made up.

It will be seen that the only rate that will convert the Branch Accounts so that the sterling of the Head Office Account must agree is the average rate, but in practice the average is worked out to a close figure and not to the absolute average, if so doing would involve a long or awkward rate. There will thus usually be a difference between the Head Office figure and the converted figure of the Branch, which will require to be adjusted by transferring to a Difference in Exchange Account from the Branch Office Account such an amount as will agree the same, with the conversion of the corresponding balance in the Branch Accounts.

The rate to be used is decided by a consideration of the actual circumstances. Theoretically the following rules are to be followed:—

Fixed assets should be converted at the same rate at which they first appeared in the Balance Sheet, or if acquired in the period under review, at the average of the year, or if provided for by a particular remittance, then at the actual rate of that remittance.

Revenue items should be converted at the average rate.

Floating Assets and Current Liabilities should be converted at the rate of the day.

In practice the foregoing rules are adopted where

there are wide fluctuations in the rate of exchange, but otherwise it will often be found that one rate is taken for all items.

With regard to Fixed Assets it is evident that no profit can be taken because of an adventitious alteration in the rate of exchange, and on the other hand losses from the same cause can be ignored. In many ways it is best to transfer such items out of the Branch books to the Head Office books during the first period in which they occur, when they will be converted at the correct rate and afterwards will not be affected by any variation in the rate. If, however, a serious diminution in value should arise at any time owing to alteration in the rate of exchange, it should be provided for.

If the Fixed Assets are satisfactorily dealt with it is common practice to take all the items at one rate, generally the average rate or the fixed rate, and if these are reasonably near to the theoretical requirements the results are accurate enough in most cases.

In deciding this question the points to be borne in mind are that if Capital Expenditure of any magnitude has been incurred the profit on exchange cannot be credited to Revenue, that there can be no profit on an asset that has not changed during the period, and liabilities must not be understated or assets overvalued. The custom of the trade will have some influence on the decision; but convenience is of considerable weight provided no important principle is violated. There should be no change in method in the same business from one year to another unless for some really important reason.

In conclusion, it should be borne in mind that in converting an ordinary trial balance from currency into sterling no actual profit or loss occurs, but merely a difference, which for convenience is allowed to be adjusted on the Profit and Loss Account. Therefore, if a material profit on exchange is shown which does not arise through the course of trade, it should be carefully considered, as it may happen that the expenditure has been on Capital Account, and the so-called profit should go to reduce that expenditure and not to the credit of Revenue.

DEPARTMENTAL ACCOUNTS

These show the result of the trading of the particular part of the business for which they are kept, distinct from the trading of the business as a whole. They may be kept for every branch of the business, where each department is distinct from the other; or may be kept for one or more departments only,

leaving the remainder of the business to be dealt with as a whole, as where a general business is being carried on with one special line.

In order to keep Departmental Accounts it is essential that a strict division should be made between the department under consideration and

the rest of the business with regard to Purchases, Sales, Expenses, and Stock.

Purchases

In many businesses the Purchases are recorded in an Analysis Book, so as to show the total purchases of different classes. If this system is adopted, the purchases for each department must be recorded in separate columns, the totals of which will be posted to the debit of the Departments Trading (or Purchases) Account. In other cases a separate Purchase Book would be more satisfactory, particularly where no goods for another department are bought from the same supplier.

Sales

These may be recorded either by means of a Columnar Day Book or by separate Day Books, the method being dependent on the convenience of the business. If the departments are quite distinct, separate Day Books are better; but in other businesses the bulk of the orders come by post, are executed by warehousemen, and charged up by one clerical staff, in which case a Day Book with separate columns for each department has obvious advantages.

Returns outwards and inwards will be dealt with similarly to the Purchases and Sales.

Expenses

If these are made up of many cash payments it is advantageous to have separate columns in the Cash and Petty Cash Books where all expenses on behalf of the Department are entered, the totals of which can be posted periodically. Otherwise they must be posted in detail to a separate Expense Account. Expenses for which credit is taken are best recorded as a subdivision of the Purchases, for which an extra column should be provided.

The only expenses to be recorded in this way are those specially incurred for the Department, such

as salaries, rent of separate premises, stationery, postages, &c. Those expenses which are common to the business as a whole will be referred to later under Establishment Charges.

Stocks

Separate stocktaking is of course necessary for each department.

The accounts that can be prepared if the books are kept on the foregoing lines, will be the Trading Accounts of the Departments, and these may be all that is necessary. If so the Trading Account of the business will show the Gross Profits (or Losses) of the various departments, and the whole of the Establishment Charges will appear in the Profit and Loss Account. It may, however, be required to prepare the Profit and Loss Accounts of the Departments, and if that is the case the Establishment Charges must be distributed over the Departments.

The Establishment Charges

These consist of such items as rent, rates, and taxes of the whole of the premises, salaries of staff not belonging to the Departments, office stationery and petty expenses, advertising, &c.

The rent, rates, &c., may be charged to each Department according to the value of the space occupied by each, leaving the unallocated portion to be dealt with in the Establishment Charges.

The division may be according to the amount of floor space occupied by each department, the value of the sales, the amount of salaries and wages, or the number of hands employed, or by a combination of these methods.

Whatever method is adopted, the result is after all an approximation, and while the Departmental Profit and Loss Accounts are prepared for information or for the calculation of commission, &c., the accounts of the business as a whole may be prepared without taking any notice of the divisions.

CONSIGNMENT ACCOUNTS

A Consignment is a parcel of goods sent by one party, called the Consignor, to another, called the Consignee, for the latter to sell (usually upon commission) and account to the Consignor for the proceeds. The goods remain the property of the Consignor until they are sold, and unless the Consignee is the *del credere* agent of the Consignor he is not responsible for the payment being made by the purchasers, who are therefore Debtors of the

Consignor (see Part III, Chapter II). In order to record correctly the transactions the accounts must be kept in a special way.

It may be more convenient to deal with the accounts to be kept by the Consignee first.

Accounts of Consignee

The consignee will receive an invoice for the

goods, but will not enter these among his purchases, nor credit the Consignor, as he is not liable for the price. He will, of course, record the transaction, but only by way of memorandum. All expenses incurred on behalf of the Consignor, such as landing charges, storage, fire insurance, &c., must be debited to a Goods on Consignment Account, with any agreed portion of the Consignee's Warehouse Charges. As the goods are sold the selling charges will also be debited to this account, and these will include Selling Commission, Brokerage, &c., and special *del credere* commission if the Consignee has accepted that responsibility. The account will be credited with the sales as they are made, and debited with any sums paid to the Consignor. Upon the whole of the goods being disposed of, the balance of this account is the amount to which the Consignor is entitled.

Periodically, or when the whole of the goods have been sold, the Consignee will render to the Consignor his Account Sales, giving particulars of the sales effected, expenses incurred, &c., and showing the balance due. If the sales were for Cash, or being Credit Sales, have been paid for, the balance shown is payable to the Consignor, and will be settled either by bill, or remittance, or other means agreed upon. This will also be the case if the Consignee is a *del credere* agent. Otherwise the Consignor has to wait until the debts are paid before being entitled to the proceeds.

If the collection of debts is at all important by reason of the number of transactions, it may be necessary, instead of debiting the buyer and crediting the Goods on Consignment Account direct, to credit a Consignment Debtor's Account, and as the debts are paid to transfer the amount from that account to the Goods on Consignment Account.

It is important that Sales of Goods received on Consignment should not be entered in the Consignee's ordinary Sale Book, and also if at the time of taking Stock there are in hand any Goods received on Consignment these must not be included in such Stocktaking.

Consignor's Books

All goods sent on Consignment will be invoiced up to the Consignee, but the basis upon which the invoice is made is not very important. If the Consignor fixes the price he is to receive for the goods they will probably be invoiced at that price, but if the goods are to be sold at best, they will be invoiced at a figure not much over cost. The amount of the invoice will be debited to a Consignment Account (identified with the name of the Consignee), the credit being posted not to Sales

Account, but to a Goods sent on Consignment Account, until they are sold. All expenses incurred by the Consignor, such as freight, insurance, &c., will be debited to the Consignment Account.

When the Account Sales are received from the Consignee the gross proceeds will be credited to the Consignment Account and debited to the Consignee's Personal Account, or, if the circumstances require it, to a Consignment Debtor's Account, the amounts being transferred to the Consignee's Personal Account as the debts are paid. Expenses incurred by the Consignee and also his Commission should be debited to the Consignment Account and credited to his Personal Account.

When the whole of the Goods have been disposed of, the following is the position:—

The balance on the Consignee's Personal Account represents the amount due from him, which will be settled by a remittance or other means agreed upon. The balance on the Consignment Account represents the difference between the invoiced price of the goods, plus freight, selling charges, commission, &c., and the gross realized price of the goods. As the Goods sent on Consignment Account represents the Invoiced price of the Goods, it will be seen that these two accounts together show the result of the transaction, and therefore both balances must be transferred to the Trading and Profit and Loss Account. The method of doing this depends upon the invoice price.

If the Goods were invoiced at Sale price the balance of the Goods sent on Consignment Account should be transferred to the Credit of Trading Account as Sales. The balance of Consignment Account will be a debit representing the cost of disposing of the Goods, and is transferred to the Debit of Profit and Loss Account as Consignment Expenses.

If the Goods were invoiced at cost the balance of the Consignment Account is the actual profit or loss upon the transaction, and should be transferred to the Profit and Loss Account as such. In this case the Goods on Consignment Account if transferred to the credit of Trading Account should be entered as Goods sent on Consignment at Cost, or may be credited to Goods Purchased Account so as to eliminate an item upon which no Profit is included in the Sales. This is especially advisable when percentages of profits are worked out.

If the Goods were invoiced at a profit, it is usual to transfer the Goods sent on Consignment Account to the credit of Trading Account as Consignment Sales, and the balance of Consignment Account to the debit or credit of the same as Loss or Profit on Consignments. This is the

at any given date, and the "General" account will show the outstanding amounts due for collection.

The drawback to this system is that the liability is shown to the principal on the "General" account, which is not actually a liability until receipt of the cash from the customer.

The alternative is to keep the accounts of the customers in the usual way and*to "double post" the cash, that is, credit the customer with the amount and also the principal, debiting the latter with the commission due; the balance will show the net amount due to the principal.

Here the Customer's Ledger, Cash Book, and Day Book will form a complete set of books, *but for reference only*, and the Cash Book and Principal's Ledger will form another set which really

represents the agent's business as between himself and the principal.

In the case of a *del credere* agent the "Cash Account" previously mentioned will not be required, as the principal's account will be payable in the usual way, whether the cash is received from the customer or not.

Estate Agents

A business which requires special treatment is that of an Estate Agent, or one analogous thereto, where rental collections are made on behalf of principals, and it is the rental collection which requires the special treatment, one method of which is given here:—

The first book required will be the Rent Roll.

RENT ROLL

[illegible]

Each opening should contain one quarter, and the intermediate sheets will be made so as to turn over as far as the "Terms" column; thus a year can be used without rewriting the names.

A weekly abstract, of which the following is an example, will be made of the cash received, showing the total credits to the individual landlords represented by the agent.

Week ending , 19 ..

Name.	Property	Fol	Cr. Amount.	Dr Allowances.
J. Jones.....	Park Drive			
" ".....	South Street			
M. Robinson	Railway Arches.....			
	Total			
	Allowances.....			
	• Net Amount.....	£		
Cash Book Folio.....				
" ".....				
	Total Cash	£		

Initials of Clerk.

The Ledger will be posted from this summary book, crediting each account with the weekly collection, and the Cash Book will be posted to this book, completing the double entry.

Any allowances to tenants for repairs, cleaning, &c., will be shown in the column provided and deducted from the gross rentals, and the individual items debited to the landlord's accounts.

When the landlord's account is rendered the total collections will be shown, and deductions for allowances to tenants, payments on his account, such as Ground Rent, &c., will be shown separately and the commission on the collection added thereto. This total is deducted from the gross rents and a cheque for the net amount sent.

A separate Commission Journal will be kept for the rental commission, from which the landlord's accounts are debited as and when the account is rendered, or, better still, systematically each quarter, and the total credited to Commission Account.

Insurance Agents

These agents will make a return of the policies

for which they collect the premiums, showing the total collected for the week, month, or quarter, with a list of new business and lapsed or completed policies, and the cash. The companies usually require the premiums in full, forwarding to the agent any commission and expenses to which he is entitled. All the agent will require apart from his Policy Register is a Cash Book and Ledger.

Where a "Treaty" has been arranged by the agent between his principal and another company, details of the business will be sent to him, which are entered in his Registers of Insurances, and the commission upon the same alone is posted as the cash usually passes between the principals direct.

It is frequently the case where the agent is acting for a foreign company for the policy holders to require a deposit of at least 50 per cent of the premiums to be kept at a leading bank in their own country, and the agent will act accordingly, the bankers forwarding deposit notes to the company.

Other Special Agents

Agents procuring concert artistes and such like will keep an Engagement Book as follows:—

Date.	Artiste or other Principal.	Engagement.	Date of Engagement.	Fee.	Terms.	Fol	Commission

This will be posted to the Ledger in the usual way. Any special expenses incurred on behalf of the principal for whom he is acting will be posted from a Day Book.

Produce brokers, wool brokers, and those engaged in similar businesses are usually concerned with consignments, and their accounts are treated as such. A full explanation of this system is given on pp. 32-34, under the heading of "Consignment Accounts".

Conclusion

Each agency will require a system which will vary with the business and its peculiarities, but the main facts to be remembered in designing the books of account are that the agent is acting for and on behalf of another, who will require clear and accurate statements of the position of his account promptly, and that too much detail is better than too little.

COST ACCOUNTS

These vary greatly in form as they do in the information given, according to the requirements of the particular business and the capability of the system adopted.

They may be prepared from the ordinary accounts by means of percentages, they may form

part of the system of bookkeeping, or they may be entirely independent of the bookkeeping proper.

The simplest form is perhaps a Profit and Loss Account upon which is shown the percentage each item of expenditure bears to the sales made during

the period. In the illustration on p. 38 this has been worked out upon the items of the Trading Account as well as the Profit and Loss Account, but it should be pointed out that the percentages the manufacturing charges bear to the sales is practically valueless, as the proper basis is that of production, which is not disclosed. The proportion the administration charges bear to the sales is, however, on a reasonable basis, and as such should be of value.

Contract Costs

Contract Cost Accounts usually form part of the ordinary system of bookkeeping, and are most useful if much contract work is done. Even if only an occasional contract is undertaken it will probably be advantageous to keep such an account.

Each contract is given a number unless the name is sufficient identification, and a separate account is opened for each. The account must be debited with the whole of the expenses incurred for that particular contract, which will consist of materials purchased, salaries and wages of people employed upon that work alone, work done by sub-contractors, and so on. In addition, it will be necessary to charge up materials not specially purchased and labour included in the ordinary wages.

With regard to materials used from store it will be necessary to see that everything used is charged to the job, and this is best effected by a system of requisitions (which must be signed by a responsible party) detailing the quantity of goods to be issued from the store, without which no goods may be issued.

These requisitions, duly countersigned by the storekeeper, must be returned to the office and the goods charged to the job at the cost in store (i.e. including some proportion of the store expenses). All materials in excess should be returned to stores, which should be debited and the Contract Account credited with the cost. Returns should be carefully watched and their necessity avoided if possible, as they are a fruitful source of dishonesty.

The labour chargeable must be calculated from the Time Sheets, and an efficient system instituted to show the expenditure of time upon each contract. If the wages are allocated before being paid, the entry in the Cash Book will record the amount chargeable to each contract and will be posted direct. Alternatively a Journal Entry will be required periodically, debiting the various contracts and crediting Wages Account.

The question of plant is one that may occasion some difficulty. In some trades special plant may be erected on each job, involving expenses of erection and removal, and also wear and tear.

If, however, such plant is treated as stores the

matter is easy, for all material used will be charged up from the requisition, and the wages for erection charged to the job in the usual way. When the plant is returned to the store it must be credited to the Contract Account at a figure, settled by a responsible person, that will allow for the diminution in value because of wear and tear, &c.

The credits to the Contract Account will be the agreed contract price plus any extras allowed, and the balance on the account at this stage represents the Gross Profit or Loss upon the contract before charging Establishment Charges.

Establishment Charges may be divided into two headings, viz. :—

- Works Expenses, including wages not chargeable to Contracts, such as timekeepers, storekeepers, &c., Rent, Rates, and Taxes, Fuel, Light, Repairs, and Foremen's and Manager's Salaries; and
- Administration Expenses, covering Office Rent and Salaries, Travelling Expenses, &c.

If any Establishment Charges are charged to the jobs, these will as a rule only cover the Works Expenses. The balances of the Contract Accounts will then be transferred to the Trading Account, and the administration expenses will be charged to the Profit and Loss Account.

The method of charging up the Establishment Charges varies according to the exigencies of the trade, the following ways being indicated :—

The Establishment Charges incurred during a period are charged to one account, adjustments being made at the ends of the period for outstanding charges. The whole of these expenses have then to be distributed over the contracts in progress at any time during the period. The distribution may be according to the total time occupied on each contract, or more satisfactorily on the amount of the wages expended upon each contract.

The Establishment Charges may be estimated, such estimate being revised at short periods according to the experience of the previous period, and the estimated amount for one week charged over the contracts in progress during that week according to the total time occupied on each, or the amount of wages.

The total Establishment Charges of the last period for which accounts are available are compared with the amount of the labour directly chargeable to contracts during the same period. This percentage is then charged upon all items of labour in current contracts as the Establishment Charges.

For example: If last year's Establishment Charges were £5000 and the Wages charged to Contracts £15,000, in the current year one-third of the amount of the Wages charged to the Contracts is added for Establishment Charges.

In a business where one contract will occupy the whole of the premises at one time, or the whole of one department, as, say, a ship repairer's, the amount of the Establishment Charges for the whole business, or the department calculated for the day or week, can be charged to the job according to the time occupied.

In all these cases the Establishment Charges dealt with may consist of the Works Expenses only, or may include the Administration Expenses.

If any contracts are in progress at the date of preparing accounts, the question arises as to what profit, if any, is to be taken thereon. In theory it is unwise to take a profit on an incomplete contract, as there may be unforeseen expenses that would entirely destroy the profit it was expected to gain. In practice, however, it is always done, and provided the profit is fairly estimated on a sound basis, and the practice is disclosed, there is not much to be said against it.

If a contract is nearly completed, and the expenses necessary to finish it are known with ordinary foresight, it is usual to add to the expenditure already incurred the estimated amount of expenses to finish, plus a fair margin of profit thereon, and the total deducted from the contract price will give the estimated profit to date, which is transferred to the Trading Account.

If the contract is not far advanced a percentage, within the average margin of profit, should be calculated upon the expenditure of time and materials and expenses, which may be brought in as the estimated profit. If the contract is one that is usually certified by an architect as portions of the work are completed, and any amounts have been so certified, the difference between the expenditure and the certified amounts can safely be

taken as the profit; but as a rule this method will result in a smaller amount of profit being shown.

Another form of Cost Accounts that is an essential part of the system of bookkeeping is that showing the cost of working the separate departments of a business, for details of which see Branch and Departmental Accounts, p. 31).

Output Costs

The systems of Cost Accounts that will now be referred to are usually kept quite apart from the system of bookkeeping. The records may be compiled from records in the books of account, or from a separate source of information.

Output costs are useful for recording the cost of producing an article that is being constantly produced in bulk, as, for example, coal which is mined, or cheeses which are manufactured.

The records will be made periodically, the period varying with the nature of the business; monthly records are usual for factory costs, but natural products may be dealt with oftener, weekly records not being unusual. The method is to divide the whole of the expenditure for the period over the number of units of the article produced, say per ton. As a rule the only expenditure dealt with is that incurred during the actual production, all expenses in connection with removal to depôts and the subsequent sale being omitted. It will easily be seen that the latter class of expenses is quite unaffected by the quantities produced. The system is, of course, equally applicable to branches of a business each of which produces a separate article, and the following example is taken from an Explosives Manufactory, one department of which produces nitric acid. The record given is for one month.

NITRIC ACID COST SHEET (DECEMBER)

Production: 21 tons 4 cwt. 3 qr. 3 lb.

	tons.	cwt.	qr.	£	s.	d.		Total Expenditure.		
								£	s.	d.
Sulphuric Acid purchased	29	8	0	at	3	15	0 per ton . . .	110	5	0
Nitrate of Soda purchased	29	5	0	"	10	1	" . . .	294	16	4
Mixed Acid from "H" Department	2	14	0	"	5	0	0 " . . .	13	10	0
Coal	5	19	2	"	18	4	" . . .	5	9	7
Wages								20	12	0
								444	12	11
								4	0	0
Less Weak Acid sold, 10 cwt. at 8s. per cwt.								440	12	11
Equal to				£20	14	11	per ton.			
Add Average Cost of Repairs					0	5	6 "			
Average Cost				£21	0	5				
Quantity in Stock 1 December, 21 tons 3 cwt. at				£20	11	7				
Production for December taken at 21 tons 3 cwt. at				21	0	5				
(actually 21 tons 4 cwt 3 qr. 3 lb.)										
Average				20	16	0				

It will be observed that in the foregoing there is no provision for Administration Charges. These were included in the Costs of the finished article and not in the intermediate manufactures which are all used up. If it is desired to include Admin-

istration Charges, and if Nitric Acid is the only product manufactured, the total charges will be divided over the quantity produced, but if other products are made as well, it may be done in the following manner:—

Administration Charges for month	... £100	0	0
Nitric Acid produced, say, 21 tons at	... 20	16	0 per ton.
3 tons of Explosives produced at...	... 70	0	0 " "

Assuming the two articles to be distinct productions.

Value of Nitric Acid produced	=	£436	16	0
3 tons of Explosives produced	=	210	0	0
Total Value	... £646	16	0	

Therefore charge to Nitric Acid, $\frac{£436, 16s.}{£646, 16s.}$ of £100 = £67, 10s. 8d.,

and to Explosives, $\frac{£210}{£646, 16s.}$ of £100 = £32, 9s. 4d.,

which is equivalent to £3, 4s. 4d. per ton on Acid, and £10, 16s. 5d. per ton on Explosives, making

Total Costs of £24, 0s. 4d. per ton Nitric Acid, and
£80, 16s. 5d. per ton Explosives.

A modification of this method is sometimes used as a rough sort of check upon the work of different departments of a manufacturing business, and while for one period alone the results shown are of very little value, spread over a period they do approximate to the true facts. It is not recommended as a scientific system, but as a sort of "rule of thumb" easily applied without expense.

The whole of the expenses of a department are totalled, say for a week, and compared with the value of the work produced during the same period. The expenses will include materials purchased, wages and salaries paid, sundry expenses, and a share of the rent and similar charges of the business. In many cases the only value of the work produced that is available will be the sale value. It will be seen that the method is incomplete in that Stocks at the beginning and end of the period are ignored, and that work in progress is not taken to the credit although material has been purchased and work done thereon. Similarly, material is charged up as it is purchased and not as it is used. In view also of the fact that the sale value is usually taken, the results show the

profit earned before charging anything for Warehouse and Selling Charges, &c. In some cases, however, the value put upon the work done is the figure at which similar articles can be purchased, and if such value is taken the results show approximately whether or not the department is justifying its existence by producing cheaper than it can purchase.

Production Costs

These costs are similar to Output Costs, but differ in that they show what portion of the total cost is applicable to each item of expenditure. The advantage is that any excess in the normal cost of either material or labour is at once apparent, thus enabling steps to be taken to remedy inefficiency or to prevent leakage of material, &c.

In order to compare Output and Production Costs the figures given in the previous example will again be used, although perhaps it may not be the best example for illustrating the advantages of Production Costs.

NITRIC ACID PRODUCTION ACCOUNT

Quantity produced: 21 tons 4 cwt. 3 qr.

	Total Expenditure.				Per Ton of Acid Produced.		
	£	s.	d.		£	s.	d.
Sulphuric Acid purchased	110	5	0		5	3	10
Nitrate of Soda purchased	294	16	4		13	17	7
Mixed Acid from "H" Department	13	10	0			12	8
Coal	5	9	7			5	2
Wages	20	12	0			19	5
	444	12	11		20	18	8
• Less Weak Acid sold	4	0	0			3	9
	440	12 ⁰⁰	11		20	14	11
Repairs				say,		5	6
Establishment Charges	67	10	8	say,	3	4	4
					24	4	9

Running and Working Costs

Running or Working Costs are very similar to Production Costs, but the cost of each item of expenditure is worked out not on the quantity of anything produced, but upon the amount of work done.

The system is employed in businesses connected with Railways, Electric-power Stations, Motor Buses, Trams, &c.

The basis upon which the cost is calculated will, of course, be fixed by the actual business, and it is not unusual for these costs to be worked out on more than one basis for the same business. A Railway may use the train mile, and tons carried, Motor Buses the bus mile, and per £1 of fares, and so on.

Process Costs (or Factory Costs)

These are applicable to a business producing many different kinds of articles, all of which may consist of a number of parts, each part having to go through varied processes.

In theory it consists of collating the cost of every portion of material used, and the labour cost of work done in the course of manufacture of the article. This is sometimes referred to as the Prime Cost.

To this must be added some portion of the Working Expenses of the Factory, sometimes known as the Oncost.

In practice the matter is far from easy. In order to get the material upon which to base the calculations, it is necessary for those responsible for the labour during the various processes to make records as the work is done. These records must be accurate or the result of the whole is value-

less, and it is difficult to obtain accurate clerical records from men who are not accustomed to such work. An alternative is for a Cost Clerk to be attached to each department in order to make the records, which, of course, is an unproductive expense. Then after the original records have been made there still remains a considerable amount of work to be done to complete the preparation of the Cost Accounts. This work is usually done by a separate trained staff, which again means extra expense. Then, too, the work requires an amount of technical knowledge in order to organize a successful system, and the results obtained from a system that does not suit the conditions are often misleading.

Before instituting any system the actual conditions should be carefully considered, but the following description of a system designed for a manufactory of cheap clocks will give an idea of the general method and also indicate some of the special requirements:—

The Orders given out to the Factory by the Office will consist of two kinds: Special Orders and Stock Orders. Separate books should be kept to record them, and each order will have a consecutive number. The order form given out will be upon a Card, different colours being used for the two classes of orders.

Special Orders will be for complete articles ordered by customers, and the Card will accompany the work until the articles are packed. Stock Orders will be for parts of articles or the completed goods as required, and the Card has to accompany the work until the goods are placed in store. If for parts only the goods will go into the factory stores, completed articles going to the warehouse store.

The description of the goods is to be placed at

the head of each card, or attached if necessary. Definite quantities will be stated for Special Orders, but an approximate quantity only for Stock Orders. In either case the actual quantity delivered to the storekeeper or packer must be finally inserted before the Cards are returned to the office.

The whole of the processes through which the work has to go must be detailed upon the Cards,

and the time employed thereon, or the amount paid if piecework.

The headings may be filled in before the Cards are issued or in the factory as the work is done.

The quantity of material issued must be recorded, and also any returns to stores, whether of unused material or scrap.

The following is the Card issued for a Stock Order of cases for small brass clocks:—

STOCK ORDER, No.

Job.—ABOUT 4000 SMALL CASES.

Date

Material issued ...	Brass, 4 cwt. 3 qr. 7 lb.
Material returned ...	Brass Scrap, 1 cwt. 2 qr. 2 lb.
Quantity commenced ...	4462 blanks.

Work Done.	Hours Occupied.	Rate per Hour.	Piecework.
Blanking ...	—	—	4d. per thousand.
Tool Setting ...	½ hour	1s.	
1st Drawing } Tool Setting }	4 hours	6d.	
Annealing ...	3 hours	5d.	
2nd Drawing ...	6 hours	6d.	
Tool Setting ...	½ hour	1s.	
Cutting Off ...	—	—	1d. per hundred.
Tool Setting ...	½ hour	9d.	
Stamping } Tool Setting }	3 hours	8d.	
Cutting Out ...	—	—	1d. per hundred.
Tool Setting ...	½ hour	9d.	

Quantity returned to Store ... 4435.

Upon the completion of the work ordered the Cards are returned to the office to be dealt with by the Cost Clerks. From these Record Cards the Cost Account has to be prepared. In modern factories the Card system is in vogue as a rule, and the accounts will be recorded upon Cost Cards. The form in which these are kept will be in accordance with the information desired. Usually it is sufficient to be able to fix the cost of an article either when finished or completed up to a definite point. If, however, it is desired to know the cost of each process it will be necessary to divide the cost of each process by the quantity produced.

In the case under consideration the cost is shown in one amount for the whole of the work recorded in the Order Sheet as on p. 43.

The alternative method of showing the actual cost of each process per thousand articles is also given on p. 43.

It may be observed that considerably more work is entailed, but if it is customary for goods to be in all stages of manufacture at stocktaking time, the results may be of sufficient value to make it worth while adopting this method.

It will be noticed that the cost of material has been calculated separately. The advantage of this is obvious. The price of brass fluctuates largely, and if at any future time it is desired to know the present cost, it is only necessary to make a simple calculation to adjust any variation in price. For example: If brass is reduced to 6d. per lb., the cost will be reduced by one-seventh of £2, 8s. 6½d. per thousand, i.e. 6s. 11½d. With regard to the loss on scrap, in this particular case the suppliers of brass undertake to receive scrap at 1½d. per lb. less than the market price. This would not apply to other materials nor in all cases to brass, and it would then be necessary to charge to the job the whole of the material used at cost price, and to make an allowance for the value of the scrap.

The remaining item to be dealt with is Establishment Charges. It will be seen that the system adopted is to charge 100 per cent on the labour, as the estimate for these charges. In general it may be said that they are always estimated. First of all it is necessary to find the amount of Works Expenses which cannot be charged to particular jobs. It will of course include the rent, rates, and taxes

STOCK COST ACCOUNT, No.

4435 SMALL CASES.

Date

	cwt.	qr.	lb.		£	s.	d.
Material issued ...	4	3	7	Brass.			
Material returned ...	1	2	2	Scrap.			
Net ...	3	1	5	at 7d. per lb.	10	15	3
Equal to per thousand ...					2	8	6·4
Loss on Scrap, 1 cwt. 2 qr. 2 lb. at 1½d. per lb. ...					1	1	3
LABOUR:							
Blanking at 4d. per M ...						1	6
Tool Setting, ¼ hour at 1s. ...							3
1st Drawing and Tool Setting, 4 hours at 6d. ...					2		0
Annealing, 3 hours at 5d. ...					1		3
2nd Drawing, 6 hours at 6d. ...					3		0
Tool Setting, ¼ hour at 1s. ...							3
Cutting Off, 1d. per C ...					3		8
Tool Setting, ¼ hour at 9d. ...							2
Stamping and Tool Setting, 3 hours at 8d. ...					2		0
Cutting Out, 1d. per C ...					3		9
Tool Setting, ¼ hour at 9d. ...							2
Establishment Charges, 100 per cent on Labour ...						18	0
Loss on Scrap ...					1	1	3
Cost of 4435 (without Material) ...					2	17	3
Equal to per thousand ...						12	10·9
Add Material (Brass at 7d. per lb.) per thousand ...					2	8	6·4
Total Cost per thousand ...					3	1	5·3

STOCK COST ACCOUNT, No.

4435 SMALL CASES

Date

	Total Cost			Cost per Thousand		
	£	s.	d.	£	s.	d.
Material ...	10	15	3	2	8	6·4
Loss on Scrap ...	1	1	3		4	9·5
LABOUR:						
Blanking ...			3			4
Tool Setting ...						0·7
1st Drawing and Tool Setting ...	2		0			5·4
Annealing ...	1		3			3·4
2nd Drawing ...	3		0			8·1
Tool Setting ...			3			0·7
Cutting Off ...						10
Tool Setting ...						·5
Stamping and Tool Setting ...						5·4
Cutting Out ...						10
Tool Setting ...						·5
Establishment Charges, 100 per cent on Labour ...						48·7
Loss on Scrap ...					8	1·4
Cost without Material per thousand ...					4	9·5
Add Material (Brass at 7d. per lb.) per thousand ...	2				12	10·9
Total Cost per thousand ...	3	1			8	6·4
					3	1
						5·3

of factory if rented, or ground rent, rates, &c., and depreciation if owned, light, fuel, and water, and kindred charges, repairs and depreciation to plant and machinery, all factory clerks' wages, manager's salary, &c. The question of foremen's wages is difficult, because part of their time may be charged directly to the jobs for tool setting, &c., the balance being occupied in supervision, repairs, &c.; but unless a material part of their time is directly charged, it is better to include the whole of their wages in the Establishment Charges.

As a rule nothing is included in Establishment Charges for any expenses incurred in connection with sales, nor for office rent and salaries, directors' fees, &c., such items being considered in connection with the percentage of profit to be charged on cost.

In order to charge some portion of these expenses to each job it is necessary to fix a basis upon which the amount is to be calculated. In the illustration given the basis used is productive labour, and in the past the amount of Establishment Charges was approximately equal to the amount of productive labour, and therefore 100 per cent on the amount of the latter item is added.

By taking productive labour as the basis upon which to allocate the Establishment Charges, it will be noticed that material used is charged up at cost, and some factories do not work upon that method, because they consider that material used should bear some of the charges. It is quite true

that if material is in the store for any time it ought to bear some part of the rent, &c., but on the other hand if no work at all is done upon it, a profit on the actual cost is all that is required, and the profit is provided for after the cost of the finished article is ascertained. With the possible exception of rent, all the items included in the working expenses are incurred in respect to the work done, and therefore are fairly spread over the cost of the work, i.e. the productive labour.

The alternative method of dividing the Establishment Expenses in proportion to the total cost of the article produced, including materials, is not so satisfactory in practice and is not to be recommended.

The cost of the whole of the parts will eventually be absorbed in the cost of the completed article, for upon each subsequent process the ascertained value of the part at that stage is brought in at the commencement of the Cost Account.

In the case already illustrated the next process will be electro-plating, and if 2000 cases are issued the first item on the Stock Cost Account will be: 2000 cases from store at £3, 1s. 5³/₄d. per thousand, £6, 2s. 10³/₄d.

In conclusion, it may be said that for a system of Cost Accounts to be satisfactory, it must be designed to suit the conditions of the business. If this is not the case the results may not be accurate, and whether accurate or not may cost far more than the value of the information obtained.

HIRE-PURCHASE ACCOUNTS

We must first carefully note the distinction between *Hire Purchase* and an *Agreement to Pay by Instalments*. As is explained elsewhere the property in a Hire-Purchase contract does not pass to the hirer until the last instalment is paid, whereas in the second case the property in the goods passes at once from the seller to the buyer. It will be readily seen that there is a great distinction between the two. (See Part III, Chapter VI.)

The Hire-Purchase agreement will contain the amounts to be paid periodically by the hirer, which will include interest and capital repayments, and a clause in the agreement will state: "When the hirer shall have paid to the seller rents amounting in the aggregate to the sum of £——, then the ——— become— the property of the hirer".

There are two methods of fixing the price to be paid by the hirer—(1) Selling price, to which is added interest on unpaid balance thereof, and (2) a higher price payable by equal instalments, including interest.

We will assume that the price is fixed and repayable in ten equal half-yearly instalments, including interest at 5 per cent.

So far as the *seller* is concerned he should treat the arrangement in his books as a sale at the *selling* price, and thus debit the hirer and credit sales in the year the agreement is signed. As each instalment is received he will credit the full amount to the hirer, and will then debit the hirer and credit interest account with the amount of interest at 5 per cent on the balance of the hirer's account for one half-year. When the last instalment is received the hirer's account will automatically close and the transaction is complete. Should, however, the hirer fail to complete all the instalments and return the goods or machinery, he will be credited with the present net value of the returned articles, and the balance will be profit or loss as the case may be, the articles being taken into stock at this net value.

The hirer will make no entries in his books of

account until the first instalment is due. He will ascertain the cash value of the asset purchased on this system and make a memorandum of same.

- When the first instalment is due he will debit Interest with 5 per cent on the Cash value, debit Hire-Purchase Account with the balance between this figure and the instalment, and credit the seller

with the total, viz. the amount of the instalment due.

• If the cash value of the asset is placed at the head of the ledger account (Hire-Purchase Account) the outstanding amount can be seen easily by deducting the debits from the cash value, thus facilitating reference.

The Journal entries would be:—

SUNDRIES	...	...	...	...	...	Dr.					
To "Seller"	...	...	...	...	...	...
Interest	...	...	...	...	...	...
Hire-Purchase Account	...	...	...	...	...	...
Being instalment due this day with interest at 5 per cent on £, the outstanding balance.											

Of course, although depreciation of the asset is not allowed for in these remarks it must by no means be lost sight of. Naturally depreciation will be allowed for in the Hirer's Accounts in accordance with the nature of the asset purchased, but this will in no way interfere with the above principles. The depreciation should be provided by opening a Depreciation Account which will reduce the book value of the asset, and when the purchase is complete the Depreciation Account may be transferred to the Asset Account, reducing same to its valuation. Renewals of parts and repairs will be dealt with in the ordinary course.

Let us take a concrete example:—

An electric motor is bought on the Hire-Purchase system at a cost of £230, to be paid in ten half-yearly instalments of £23 which includes interest at 5 per cent.

We shall find that the cash value of this £46 per

annum, payable half-yearly with interest at 5 per cent, is £201, 6s., and this is the memorandum at the head of the Hire-Purchase Account.

$PV = \frac{p(R^t - 1)}{R^t(R - 1)}$ where PV = present value, p = periodical payment, R the amount of £1 for one period, and t the number of periods.

$$\begin{aligned}\text{we get} &= \frac{23((1.025)^{10} - 1)}{(1.025)^{10}(1.025 - 1)} \\ &= \frac{23 \times .2808}{1.2808 \times .025} \\ &= \text{£}201, 6s. (\text{about}).\end{aligned}$$

which by the aid of Logarithms is quite a simple matter to calculate.

The Seller's books are as shown on the following pages.

J. JONES & Co.—HIRE-PURCHASE ACCOUNT

1900.			£	s.	d.	1900.			£	s.	d.
Jan.	1	To Sales.....	201	6	0	June	30	By Cash.....	23	0	0
June	30	" Interest.....	5	0	8			" Balance c/d.....	183	6	8
			206	6	8				206	6	8
July	1	To Balance b/d.....	183	6	8	Dec.	31	By Cash.....	23	0	0
Dec.	31	" Interest.....	4	11	8			" Balance c/d.....	164	18	4
			187	18	4				187	18	4
1901.			1901.			1901.			1901.		
Jan.	1	To Balance b/d.....	164	18	4	June	30	By Cash.....	23	0	0
June	30	" Interest.....	4	2	6			" Balance c/d.....	146	0	10
			169	0	10				169	0	10
July	1	To Balance b/d.....	146	0	10	Dec.	31	By Cash.....	23	0	0
Dec.	31	" Interest.....	3	13	0			" Balance c/d.....	126	13	10
			149	13	10				149	13	10
1902.			1902.			1902.			1902.		
Jan.	1	To Balance b/d.....	126	13	10	June	30	By Cash.....	23	0	0
June	30	" Interest.....	3	3	4			" Balance c/d.....	106	17	2
			129	17	2				129	17	2
July	1	To Balance b/d.....	106	17	2	Dec.	31	By Cash.....	23	0	0
Dec.	31	" Interest.....	2	13	5			" Balance c/d.....	86	10	7
			109	10	7				109	10	7
1903.			1903.			1903.			1903.		
Jan.	1	To Balance b/d.....	86	10	7	June	30	By Cash.....	23	0	0
June	30	" Interest.....	2	3	3			" Balance c/d.....	65	13	10
			88	13	10				88	13	10
July	1	To Balance b/d.....	65	13	10	Dec.	31	By Cash.....	23	0	0
Dec.	31	" Interest.....	1	12	10			" Balance c/d.....	44	6	8
			67	6	8				67	6	8
1904.			1904.			1904.			1904.		
Jan.	1	To Balance b/d.....	44	6	8	June	30	By Cash.....	23	0	0
June	30	" Interest.....	1	2	2			" Balance c/d.....	22	8	10
			45	8	10				45	8	10
July	1	To Balance b/d.....	22	8	10	Dec.	31	By Cash.....	23	0	0
Dec.	31	" Interest.....		11	2				23	0	0
			23	0	0				23	0	0

The Hirer will journalize each Instalment when due as follows:—

1900.			£	s.	d.	£	s.	d.
June	30	SUNDRIES				23	0	0
		To Electric Co.						
		Motor Hire-purchase Account	17	19	4			
		Interest	5	0	8			
		Being instalment due this day and interest at 5 per cent on £201, 6s.						

The figures for the whole period are as under:—

	1900. June 30				1900. December 31				1901. June 30				1901. December 31				1902. June 30			
	Dr.		Cr.		Dr.		Cr.		Dr.		Cr.		Dr.		Cr.		Dr.		Cr.	
	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£
SUNDRIES	Dr.																			
To Electric Co.				23			0					23			0					0
Motor-purchase Account ..	17	10	4		18	8	4		18	17	6		19	7	0		19	16	8	0
Interest	5	0	8		4	11	8		4	2	6		3	13	0		3	3	4	0

	1902. December 31.				1903. June 30				1903. December 31				1904. June 30.				1904. December 31.			
	Dr.		Cr.		Dr.		Cr.		Dr.		Cr.		Dr.		Cr.		Dr.		Cr.	
	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£	£	s.	d.	£
SUNDRIES	Dr.																			
To Electric Co.				23			0					23			0					0
Motor-purchase Account ..	20	6	7		20	16	9		21	7	2		21	17	10		22	8	10	0
Interest	2	13	5		2	3	3		1	12	10		1	2	2		11	11	2	0

HIRER'S LEDGER

MOTOR HIRE-PURCHASE ACCOUNT. (CASH VALUE, £201, 6s.)

1900.			£	s.	d.	1900.			£	s.	d.
June	30	To Sundries.....	17	19	4	Dec.	31	By Balance c/d.....	36	7	8
Dec.	31	" "	18	8	4				36	7	8
			36	7	8				36	7	8
1901.						1901.					
Jan.	1	To Balance b/d.....	36	7	8	Dec.	31	By Balance c/d.....	74	12	2
June	30	" Sundries.....	18	17	6				74	12	2
Dec.	31	" "	19	7	0				74	12	2
			74	12	2				74	12	2
1902.						1902.					
Jan.	1	To Balance b/d.....	74	12	2	Dec.	31	By Balance c/d.....	114	15	5
June	30	" Sundries.....	19	16	8				114	15	5
Dec.	31	" "	20	6	7				114	15	5
			114	15	5				114	15	5
1903.						1903.					
Jan.	1	To Balance b/d.....	114	15	5	Dec.	31	By Balance c/d.....	156	19	4
June	30	" Sundries.....	20	16	9				156	19	4
Dec.	31	" "	21	7	2				156	19	4
			156	19	4				156	19	4
1904.						1904.					
Jan.	1	To Balance b/d.....	156	19	4	Dec.	31	By Balance c/d.....	201	6	0
June	30	" Sundries.....	21	17	10				201	6	0
Dec.	31	" "	22	8	10				201	6	0
			201	6	0				201	6	0
1905.											
Jan.	1	To Balance b/d.....	201	6	0						

At any period the amount of the "Cash Value" less the debits to date will show the figure on which the interest is to be calculated.

With regard to the other system, namely that of charging the selling price plus interest on the outstanding amount, the agreement will probably fix a minimum amount to be paid periodically, giving the Hirer the option of paying a larger amount if he so desire. In this case the treatment is identical with the foregoing, as in each case the interest will be calculated on the balance still outstanding, and naturally if a larger repayment than the minimum

is made the subsequent interest will be smaller and the final payment will adjust the account.

This system of repayment will be an agreement with the Seller at the time of entering into the contract.

In the case of an Agreement to pay by instalments the Seller will treat the transaction in the same way as the foregoing example. The Buyer, however, will debit the Asset or other "Real" Account with the Cash value of the purchase and credit the Seller. Each instalment will be debited to the Seller's Account in full, crediting him with interest on the outstanding balance, thus:—

1900.			£	s.	d.	£	s.	d.
June	30	INTEREST Dr.	5	0	8	5	0	8
		To Electric Co.						
		Being interest at 5 per cent on £201, 6s., the purchase price of the Motor as per agreement dated 1 Jan., 1900.						
1900			£	s.	d.	£	s.	d.
Dec.	31	INTEREST Dr.	4	11	8	4	11	8
		To Electric Co.						
		Being interest at 5 per cent on £183, 6s. 8d., the outstanding balance of purchase price of Motor as per agreement dated 1 Jan., 1900.						

&c.

The Ledger Account will read:—

ELECTRIC COMPANY
PURCHASE OF H.P. MOTOR

1900.				£	s	d.	1900.				£	s	d.
June	30						Jan.	1					
		To Cash		23	0	0			By Motor Account...		201	6	0
		" Balance c/d		183	6	8	June	30	" Interest.....		5	0	8
				206	6	8					206	6	8
1900.				£	s	d.	1900.				£	s	d.
Dec.	31						July	1					
		To Cash		23	0	0			By Balance b/d.....		183	6	8
		" Balance c/d.....		164	18	4	Dec.	31	" Interest.....		4	11	8
				187	18	4					187	18	4
1901				£	s	d.	1901				£	s	d.
Jan.	1						Jan.	1					
									By Balance b/d.....		164	18	4

&c.

Where an Agreement to pay by regular Instalments is entered into, an alternative form of keeping the accounts so far as the Buyer is concerned is as follows:—

Credit the Seller with the total amount of *all* instalments. Debit Asset Accounts with the Cash value and debit the difference to Interest Suspense

Account. As each instalment is paid credit Interest Suspense Account with the interest on the outstanding balance and debit Revenue Account per Interest Account.

In the example which we have taken above the Interest Suspense Account would read as given below.—

INTEREST SUSPENSE ACCOUNT

1900.				£	s	d.	1900				£	s	d.
Jan.	1						June	30					
		To Sundries.....		28	14	0	Dec.	31	By Interest Account...		5	0	8
									" " " " " "		4	11	8
				28	14	0			" Balance c/d . . .		19	1	8
											28	14	0
1901.				£	s	d.	1901.				£	s	d.
Jan.	1						June	30					
		To Balance b/d .		19	1	8	Dec.	31	By Interest		4	2	6
									" " " " " "		3	13	0
				19	1	8			" Balance c/d		11	6	2
											19	1	8
1902.				£	s	d.	1902.				£	s	d.
Jan.	1						June	30					
		To Balance b/d ..		11	6	2	Dec.	31	By Interest		3	3	4
									" " " " " "		2	13	5
				11	6	2			" Balance c/d		5	9	5
											11	6	2
1903.				£	s	d.	1903				£	s	d.
Jan.	1						June	30					
		To Balance b/d		5	9	5	Dec.	31	By Interest		2	3	3
									" " " " " "		1	12	10
				5	9	5			" Balance c/d		1	13	4
											5	9	5
1904				£	s	d.	1904				£	s	d.
Jan.	1						June	30					
		To Balance b/d		1	13	4	Dec.	31	By Interest		1	2	2
									" " " " " "			11	2
				1	13	4					1	13	4

The accountancy relative to these systems of Purchase present no difficulties if treated in the foregoing fashion, and combine simplicity with accuracy and efficiency.

This book will be posted to the Stores Ledger under various classified accounts.

STORES LEDGER

Dr.					ACCOUNT						Cr.	
Date.	Folio.	Particulars.	Number or Weight.	Rate	Amount.	Date.	Folio.	Particulars.	Number or Weight.	Requisition Number.	Rate	Amount.	

To the Stores Ledger will also be posted the Stores Issued Book.

STORES ISSUED BOOK

Date	Requisition Number.	Folio.	Particulars.	Quantity		Rate.	Amount.	Allocation and/or Job
				No.	Weight			

These books should be kept on the double-entry system by posting the totals of the Received and Issued Books above, and the Returns Book as shown on p. 53, to a total account, the balance of which will agree with the total of the detail balances in the Stores Ledger, and will show the cost price of the stock on hand.

Perhaps a detailed description of the method of using these books will be best given here.

The Storekeeper will be instructed to issue no stores on any pretext whatsoever unless a properly

signed Requisition is handed to him. In order to facilitate filing, &c., it is desirable that these requisition forms should be printed and be all of one size. Various colours may be used for different classes of goods if considered desirable (e.g. all oils and like stores, Green; spare parts, &c., Red; and so forth), although this is not recommended, as complications may ensue.

The requisition form should be drawn up to meet individual requirements, and for general use the following is a fair example:—

THE BLANK COMPANY, LTD.

No.

To THE STOREKEEPER,

Date

..... Dépôt.

Please supply the following goods:—

Quantity.	Description.	Quality.	Appropriation.	Rate.*	Amount.*

(* These columns to be filled in by the Storekeeper.)

Signature

Grade

Received the above-mentioned goods.

Signature

Grade

Upon the presentation of a Requisition duly signed by an authorized employee the storekeeper will have the goods brought from the warehouse. He will then check the same with the employee presenting the requisition, and will obtain his receipt.

The requisition will then be entered in the Stores Issued Book and the consecutive number written in the top right-hand corner.

Prices will be entered and the amount extended at the cost price as shown by the Ledger.

The question of returns to stock must not be lost sight of. Naturally with certain classes of goods more may be drawn than are actually used, and upon the completion of the "Job" the surplus will be returned.

A special form should be used when returning these stores, thus:—

THE BLANK COMPANY, LTD.

No.

To THE STOREKEEPER,

Date

..... Dépôt.

Please receive the following goods:—

Quantity.	Description.	Quality.	Ex Job No.	Appropriation.	Rate.*	Amount.*

(* These columns to be filled in by the Storekeeper.)

Signature

Grade

These stores will be readmitted into stock at the cost price and the original allocation will be credited.

A Stores Returns Book will be used for recording these transactions.

[illegible]

At monthly or other periodical intervals a statement will be prepared by the storekeeper embracing all the stores issued since the last statement.

This statement will be sent to the Head Office together with the Requisitions and Returns Notes.

Naturally the particular form this statement will take must be determined by the nature of the business, but the following will give an idea of the kind of statement required :—

THE BLANK COMPANY, LTD.

Stores issued for the Month of 19

[illegible]

Certified by *Storckeeper.*

Checked by

Passed by

The returns will either be entered on this form in *red* or a separate form used and the whole summarized.

The statement will be checked by the accounts department at the Head Office and passed by the chief of the department.

From this statement the Journal will be written up in the usual way.

Another class of business under this heading is that of the Building and similar trades.

Where goods are issued Ex Store the Appropria-

tion Column of the Stores Issued Book will bear the Job Number, but frequently goods are sent direct to the job, in which case the storekeeper will not handle them in any way. Here the accounts department will retain the foreman's requisition and record same in a memorandum book, and when the Invoice from the supplier is received, cross references will be made on both Invoice and Requisition and the particulars entered in the Direct Supplies Book, in which book will be entered any transfers direct from one job to another.

DIRECT SUPPLIES BOOK

Date.	Requisition Number.	Folio.	Supplier (Trader or Job).	Quantity.	Description.	Quality.	Rate.	Amount.	Debit to Job

Buying and Selling in Bulk

With regard to this class the method usually in vogue is simplicity itself. It is very seldom that the concern ever has the goods in its actual physical possession, the "documents" (bill of lading, &c.) being all they hold, and the goods are usually sent direct from the works or the factory to the sub-purchaser.

For simplicity let us assume a Metal Merchant ;

but the same remarks will apply (*mutatis mutandis*) to all businesses of this description.

Here the "House" will receive an Enquiry for say 100 tons of Steel Joists, and the specification is either enclosed or forwarded later. The merchant will quote his price and length of time required for delivery.

On receiving the order he will make an entry in his order book, which may be ruled as follows:—

Order Number.	Date of Order.	Works Executing.	Description, Quantity, and Price	Date of Placing Order	File	Buyer	Delivery in Weeks.	Invoice Number	Remarks
1	2	3	4	5	6	7	8	9	10

He will fill up all columns except No. 9.

The number in column 1 will be used in all correspondence to the works or buyer respecting this order.

When the goods are ready the works will advise the merchant, who by this time will have received the shipping instructions from the buyer. These

instructions will be passed on to the works, who will send the documents and invoices to the merchant.

When the invoice is received it will show the actual weight of the goods in tons (if English) or in kilos (if Continental); in the latter case the weight is converted into tons and the invoice to the pur-

. It is usual for such concerns to make no profit on the transactions, usually limiting their liability by guarantee. Deposits are made by each company under the scheme of a certain sum roughly representing the average of a month's purchases, thus providing a working capital.

The expenses of management are periodically divided up and charged to the companies according to their purchases for the period

Where a stock is carried the procedure with regard to the stockkeeping records is the same as that for the Branch system charged at cost, making up the invoices monthly.

Where no stock is carried requisitions will be received by individual companies of their requirements, and orders are then sent to the traders for dispatch of goods direct to the company's depôt. Invoices inwards being sent to the Distributing Concern. These will be entered in a Purchase Journal and a summary made of each company's total. Lists of invoices (net) are made, the invoices and lists presented to each company concerned, who will refund the Distributing Concern this amount. Care should be taken to see at each pay day that the total of the Purchase Journal, Cheque Agenda Book, and Summary of Companies lists, agree.

Stocktaking

Stocktaking is an important item in the procedure of any company or business. (See also Part I, Chapter II.)

Stock should be taken (so far as is practicable) at the close of business on the last day of the financial period to which the accounts are made up.

Stock Sheets should be prepared beforehand with the names, &c., of all the various articles used in the business. Prices will be extended at *Cost*, and in the case of branches or departments at the *Cost to the Branch or Department*.

Where the Stock Ledger can be and has been used this should be balanced irrespective of actual stock, and any discrepancy thoroughly gone into.

These Stock Sheets will be certified by the persons actually taking stock and countersigned by the Manager or other official responsible, and forwarded to the Accountant's Department at the Head Office.

A few words here as to Branches. It is absolutely essential that the stock at each Branch should

be taken and checked on the *same day* and so far as is possible at the *same time*. The writer knows of a case where stock was sent round from one Branch to another, figuring in the returns of *each*, the several managers being in collusion and consistently robbing the Company, covering the defalcations by showing inflated stock, *which was actually at the Branch when stocktaking was done*. Of course such a procedure is only possible where stocktaking is done at different times, and the moral is obvious.

Where goods have been purchased and are in transit, as these are actually the property of the purchaser they must be included in the stock, and at the same time care must be taken to see that the invoices for the same are also included in the accounts, amongst the purchases.

In the case of transfers between Branches, it is usual to include in the Balance Sheet, the Stock in Transit as a separate heading.

Invoices

When invoices are received they should be recorded in a memorandum book showing date received, particulars and amount, and date sent for certification and received back again.

Each invoice should be stamped with a rubber stamp something like the following:—

Received by	...	.....
Quantity and Quality checked	...	.....
Prices checked	...	.....
Extensions checked	...	.....
Terms	...	.....
Chargeable to	...	.....
Stores Received Book Folio	...	.....
Certified by	...	.....

The invoices will now be sent to the storekeeper, who will have the first two lines initialled and mark the Chargeable line "Stock" if the goods have been sent to stock. If sent direct to a "job", the person in charge of same will initial and charge the job.

Prices and the extensions will be checked and the whole invoice certified by the chief of the Stores department.

Not until this last certification is obtained will the Cashier's department deal with the invoice for payment, and then the usual procedure is adopted.

The top of the columns is headed with the date and the charges entered in the column beneath, carrying forward the total from the bottom of the column of one day to the top of the next until

the week is totalled and the account presented. This principle is extended to the accounts of the hotel itself, the Visitors' Ledger (sometimes called the Hotel Bill Book) being similarly ruled, thus:—

Date, Monday, 3 June, 1912.									
	1	6 7 8	12	13 14	16	20			
DEBITS	Jones.	Brown.	Robinson.	Smith.	Pink.	White.		Chance Meals	Total
<i>Brought forward</i> ...									
Board									
Apartments, &c.									
Breakfast, Luncheons, &c.									
Wines						•			
Spirits									
Liqueurs									
Ale and Stout									
Minerals									
Cigars			•						
Fires									
Boots	•								
Washing									
Stationery, Stamps, &c. ...									
Billiards									
Bar (Ales, &c.)									
Bar (Minerals)	•								
Paid Outs									
Total £									
CREDITS									
Cash									
Personal Accounts									
Allowances									
Balance carried forward									
£									
Transferred to Personal Accounts, folio									

A day only is kept on the page, which will have room for about twenty to thirty bedrooms, and for visitors, and where there are more it is as well to use another page for the additional rooms, as thirty is quite enough on one opening.

The number of the room is placed at the head of the column and the name of the occupant underneath. Details are written up from the subsidiary books, and the totals made, agreed, and carried forward to the next day; each page will be balanced and agreed and the summary sheet prepared.

Savings Banks

This system is suitable for small or large Penny Banks, Savings Banks, &c., and if the funds are

deposited in the Post Office Savings Bank, the Postmaster-General supplies the depositors' books, Ledger and Cash Book free, upon application and proof of *bona fides*. It is best to obtain these books if a Savings Bank account is being started. There is no need to give the forms here. They are admirably suitable for the purpose for which they are intended.

Clubs and Subscription Societies

The system may be applied with advantage to societies such as Working Men's Clubs, Slate Clubs, and the like, where subscriptions are received periodically, and in connection with this the following ruling may prove useful:—

Week Ending.	1 Jones.	2 Brown.	3 Smith.	4 Pink.	5 White	6 Black	7 —	&c.	Weekly Total Due.	Total Received.
Weekly Subscription ...	-/6	1/-	-/6	-/9	-/6	-/9	—	—	—	—
Arrears ...	—	—	—	—	—	—	—	—	—	—
1 July ...	-/6	—	-/6	-/9	—	—	—	—	2/9	£ 1 9
8 " ...	—	2/-	-/6	—	-/6	—	—	—	3/3	3 0
15 " ...	—	1/-	-/6	1/6	-/6	—	—	—	3/3	3 6
22 " ...	1/6	—	-/6	-/9	1/-	-/9	—	—	4/-	4 6
29 " ...	-/6	—	-/6	—	—	-/9	—	—	4/-	1 9
	2/6	3/-	2/6	3/-	2/-	1/6	—	—	17/3	14 6
Arrears carried forward. .	—	2/-	—	-/9	—	—	—	—	—	2 9
									17/3	17 3

The weekly total of receipts will agree with the subscription column of the Cash Book.

The credit side of the Cash Book will be divided into columns for "Benefits", "Expenses", &c., and Bank.

Professional Accounts

Medical practitioners can conveniently make use of the system.

The fundamental book in this case is the Day Book or Visits Book, ruled as follows:—

Date	Jones	Brown.	Smith.	&c.	Total
1912	£ s d	£ s d	£ s d		
January 1 . . .	V 5 0	C 5 0			
" 2 . . .	V 7 6	V 7 6	V 10 6		
" 3 . . .	Md 3 0		V 10 6		
" 4 . . .					
" 5 . . .					
&c.					
SPECIAL CHARGES:					
Consultant		4th 5 5 0			
Anæsthetist					
&c.					
Total					
Overcharges, &c.					
£					

If preferred, date columns can be made and the patients' names written in the first column underneath one another.

This Day Book will be summarized monthly. When the accounts are sent out the totals of the

summary of those patients to whom accounts are sent are entered in the Accounts Delivered Book, which forms the Patients' Ledger also, and the ruling given below has been used with great success:—

ACCOUNTS DELIVERED BOOK

YEAR 19.

Name.	Balance 1 Jan.	Cash Jan./June.	Fees Jan./June	Balance 1 July.	Cash July/Dec	Fees July/Dec	Bad Debts, &c.	Balance carried forward.



THE GFT AT BEECHER, GOLDEN HOLE, AND WANDER GOLD MINES KIMBERLEY, WESTERN AUSTRALIA

Date.	Name.	Fol.	Practice.	Personal and Sundries.	Bank.	Date.	Name	Fol.	Particu- lars.	Personal	Practice.	Bank.
				.								
				•								
				1 •								

Here the Day Book is usually in tabular form as regards the daily insertions:—

[illegible]

The Cash Book will have at least two columns, one for Cash and one for Discount, and is posted in detail, and the total of the discounts is posted monthly or other periodical intervals and forms a revenue item. The following is a specimen of a **Commercial Clients Ledger** where accounts are paid half-yearly:—

	Jones & Co.	A. P. S., Ltd.	Motors Ltd.	&c	Total
January					
February					
March					
April					
May					
June					
Copies					
Blocks					
Designs					
&c.					
Balance brought forward					
Total					
Cash					
Discount					
Allowances					
Transfer to Doubtful Debts					
Balance carried forward					
Total					
Folio in Doubtful Debts Ledger					

The following ruling for the newspaper accounts may be used:—

Month.	D. B. Folio.	Times.	Daily Mail	Daily Telegraph.	&c &c.
January	6				
"	8				
"	12				
"	17				
Balance brought forward					
Total					
Cash					
Discount					
Carried forward ...					
Total					

This ruling is applicable where accounts are settled monthly, which, however, is *not* the usual case, and by far the better system is to keep the accounts with the papers on loose-leaved ledgers ruled in the common form, which also dispenses with an index.

Insurance Brokers

Insurance brokers frequently use a tabular journal, especially where a large amount of business is regularly done for certain clients, and the ruling sometimes used is as follows:—

Date.	Particulars.	Underwriter.	Line.	Fol.	Amount.	Clients.			Brokerage.	Policy and Stamp.
						£ s d.	£ s d.	£ s d.		
1/1/12	Frozen Meat... ..	J. Brown...	3,000							
	N.Z.—London	F. Smith ...	1,000							
	40 % less 10 and 2½	P. Jones ...	2,000							
	£10,000	H. Jenkins ..	4,000							
	"Wakatane"	Brokerage								
		Stamp								
		Policy								
			£ 10,000							

Sundry Accounts

[illegible]

For this reason the Sales Day Book will be tabulated, having a column for each ledger in use.

Date	Ref No	Name.	Particulars.	Total.	A-D	E-G	H-I.	&c
					Fol	Fol	Fol.	
•		•	•					

There is practically no business in which money is passing continually, where the system cannot be adopted in some form.

CHAPTER XIV

LOCAL GOVERNMENT FINANCE AND ACCOUNTANCY

Introductory—Rates and Rating—Assigned Revenues—Loans and Capital Expenditure—Sinking and Redemption Funds and Repayment of Debt—Accounts of Local Authorities—Municipal Trading—Depreciation and Reserves—Financial Adjustments—Audit of Accounts of Local Authorities—Local Government Finance in Scotland—Local Government Finance in Ireland.

INTRODUCTORY

The growth of local authorities, with their numerous duties which are continually being increased by legislation, emphasizes the necessity of efficient and effective administration of the financial operations affected thereby.

It is a very remarkable fact that, with the exception of those who have to deal with the accounts of municipalities, these accounts are so little understood or appreciated by the lay mind. Within recent years, however, the extended "operations" of municipalities in acquiring trade undertakings of various characters made it necessary to secure the best systems of accountancy properly to control the financial transactions connected there-

with. The accounts and finances of local authorities are directed by Acts of Parliament, and it is very desirable that the student of municipal finance should make himself thoroughly acquainted with them. The County Councils are governed by the Local Government Act, 1888. Municipal corporations are affected by the Municipal Corporations Act, 1882, the Public Health Act, 1875, and subsequent Acts amending the same, and special Acts. The Urban District Councils, the Rural District Councils, and the Parish Councils are chiefly subject to the Local Government Act of 1894. (See also Part III, Chapter IV, Sections B and C.)

RATES AND RATING

The principal source of income of local authorities is the rates, the methods of levying which vary considerably. (See also Part I, Chapter VIII.) In the case of County Councils, precepts are made by them upon the several Boards of Guardians for their proportion, and these precepts are included in the Poor Rate. In the case of municipal corporations, for the purposes of the Borough Fund precepts are made upon the overseers for the amounts required, and these are included in the Poor Rate made by them; but under the Public Health Act, 1875, general district rates are also levied for ex-

penses chargeable under that Act. Urban District Councils are empowered in like manner to make rates in pursuance of the latter Act.

The incidence of assessing and levying the poor rate is governed by the Poor Rate Assessment and Collection Act, 1869, and it is provided, under section 3, that rateable hereditaments should be charged on their full net rateable value, with the exception, that allowances are made to owners who are willing to enter into agreements to become liable for the poor rates in lieu of the occupier, for not less than one year, for any hereditaments where

the rateable value does not exceed £20 in the Metropolis, £13 in Liverpool, £10 in Manchester or Birmingham, or £8 if situated elsewhere. The overseers may, subject to the control of the authority, allow a commission not exceeding 25 per cent on the amount thereof. The local authority can, under section 4 of the Act, make a compulsory order that the owners of all rateable hereditaments to which section 3 extends, shall be rated to the poor rate in respect thereof, instead of the occupier. In these cases the overseers may allow an abatement of 15 per cent on the amount of the rate. Should the owner of one or more rateable hereditaments give notice in writing to the overseers, that he will accept the liability of the rates for all such rateable hereditaments, whether they are occupied or not, the overseers must allow a further abatement not exceeding 15 per cent, or a total maximum allowance under this section of 30 per cent. It is also provided that the allowances under section 4 shall not be applicable to any hereditament in which a dwelling house is not included. This method of rating also applies to the borough rates.

The borough rate or precept may be made retrospective in order to raise money for the payment of charges and expenses incurred, or which would come in course of payment, at any time within six months before the making of the rate.

For the purpose of carrying out the duties imposed by the Public Health Act, 1875, councils are empowered under section 210 to levy a rate or rates to be called General District Rates.

The same provision is included in this Act as in the Municipal Corporations Act, giving power to levy rates for the payment of future charges and expenses, or retrospectively, in order to raise money for the payment of charges and expenses incurred at any time six months before the making of the rate. The Act further provides that the general district rate shall be made and levied on the occupiers of all kinds of property, from time to time by law assessable to any rate made for the relief of the poor, and shall be assessed on the full net annual value of the property, ascertained from the valuation list for the time being in force, subject to the following exceptions:—

The owner, instead of the occupier, may, at the option of the urban authority, be rated in cases where the rateable value on any premises liable to assessment under this Act does not exceed £10, or

where any premises so liable are let to weekly or monthly tenants, provided that in the cases where the owner is rated instead of the occupier, he must be assessed on such reduced estimate as the authority deems reasonable, not being less than two-thirds and not more than four-fifths of the net annual value.

The owner or occupier of any land used as arable meadow or pasture ground only, or as woodlands, market gardens, or nursery grounds, is assessed in respect of the same in the proportion of one-fourth part only of such net annual value thereof.

Land used for railways, and so much of any platform as constitutes the side of a railway, and land used as sidings, turntables, &c., are also charged on one-fourth of the net annual value.

The expenses chargeable on the borough fund and borough rate are constabulary force and police expenses, administration of justice, watching, establishment charges, departmental expenses, cost of quarter sessions and assizes, libraries, expenses of promoting Acts of Parliament, compensation to other authorities, expenses of carrying out the Act in respect of the unemployed, education, weights and measures, foods and drugs, &c.

For the purpose of carrying out the duties imposed by the Public Health Act, 1875, the expenses chargeable on the general district rate are as follows: maintenance and repair of highways, sewers, cleansing and street watering, removing of night soil and ashes, public health departments, infectious diseases hospitals, public lighting, maintenance of parks and pleasure grounds, street improvements, public baths, allotments, housing of the working classes, &c.

Before proceeding to make a rate or levy a precept, it is necessary for estimates to be prepared in detail, showing the costs of the various works to be proceeded with, and also the charges for the several departments.

These estimates are considered by the Finance Committees of the various authorities, and afterwards presented to the Council. The estimates are then entered in the rate book and are open for inspection by any ratepayer, who may make copies of or extracts therefrom without payment. When the Council has approved the estimates, it is necessary to give at least seven days' public notice of their intention to make the rate.

The following is a short summary of the estimate for a general district rate:—

ESTIMATED NET EXPENDITURE OF THE DISTRICT FUND FOR THE GENERAL DISTRICT RATE, FROM 25 MARCH, 1912, TO 29 SEPTEMBER, 1912

SURPLUS ACCOUNT

Surplus 29 September, 1911	...	...	...	...	...	...	£1,436	0	3		
Income from the General District Rate for Half-year ending											
25 March, 1912	...	...	...	...	...	...	140,687	1	1		
										£142,123	1 4
Less Net Expenditure for the Half-year ending 25 March, 1912											
(see column 3 below)	...	...	..	...	...	...	...	...	...	140,273	7 7
Surplus Balance carried below										£1,849	13 9

SUMMARY

1			2			3			4			5
Expenditure for Half-year ended 29 September, 1911.			COMMITTEE.			Expenditure for Half-year ending 25 March, 1912.			Estimated Expenditure for the Half-year ending 29 Sept., 1912.			Equivalent to a Rate in the £ of Pence.
£	s.	d.				£	s.	d.	£	s.	d.	
22,057	12	8	SANITARY COMMITTEE:			22,156	17	7	21,756	9	9	3·25
71,085	5	8	Finance			67,725	2	0	69,385	15	6	10·34
6,442	0	8	Highways, Sewers, and Cleansing			6,132	18	6	6,819	0	0	1·02
15,721	17	4	Parks and General Purposes			15,989	12	4	16,113	7	2	2·40
			Lighting Public Streets									
115,286	16	4				112,004	10	5	114,074	12	5	17·01
12,900	5	8	HEALTH COMMITTEE			13,388	3	9	13,688	0	10	2·04
10,522	2	3	NEW STREETS COMMITTEE			10,902	9	10	10,606	5	6	1·58
508	3	7	WATCH COMMITTEE			508	3	7	506	0	0	0·08
2,400	0	0	BATHS COMMITTEE			1,800	0	0	2,200	0	0	0·33
1,659	0	0	MUSEUM COMMITTEE			1,670	0	0	1,677	0	0	0·25
143,276	7	10				140,273	7	7	142,751	18	9	21·29
			Less Surplus as stated above						1,849	13	9	0·28
			Net Requirements						140,902	5	0	21·01

The Rateable Value of the City for the purpose of the General District Rate is £1,751,209 0 0

A Rate at 1s. 9d. in the £, after deducting 6½ per cent for voids, &c., and also making the differential allowances in respect of certain Districts, will give £140,851 14 1

From the above illustration it will be noticed that it is necessary to bring into account the balance of the preceding half-year, and also that it is usual, in arriving at the estimated expenditure for the following half-year, to quote the corresponding period of the previous year, in order that the council may follow any increase or decrease in the items under consideration.

The Public Health Act also provides that in preparing the estimate, the amount to be provided by the rate should be shown, also the rateable value, and the amount of rate it is necessary to make on each £1 of such value.

Until the introduction of the Local Government Act, 1894, it was the practice of the overseers to levy and collect the poor rates, and the municipality also made and collected the general district rates, both rates covering the same period. Thus two collectors were employed by different autho-

rities to collect rates in the same district. Under section 33 of the Act, it was provided that the Local Government Board might, on the application of the council of any municipal borough, including a county borough, or of any other urban district, make an order conferring on that council the appointment of overseers and assistant overseers, the revocation of appointment of assistant overseers, any duties or liabilities of a parish council, and applying, with the necessary modifications, the provisions of this Act with reference thereto. After the Act came into operation a number of municipal authorities made application to the Local Government Board and obtained their order for the powers under this section of the Act, which enabled them to appoint the overseers and assistant overseers and thus arrange a consolidated rates collection, which proved more convenient to the ratepayers and effected economies in the cost

of rate collection to the authorities. There are still a number of authorities who have not applied for the order of the Local Government

Board to secure these advantages, but this may be the result of lethargy or the influence of local circumstances.

ASSIGNED REVENUES

In addition to these sources of revenue, county councils and municipal corporations receive sums from the Government in aid of local taxation.

Before the introduction of the Local Government Act, 1888, grants were voted annually out of the Imperial Exchequer in aid of specific purposes, viz. :—

1. The remuneration of teachers in poor-law schools, and for payment of public vaccinators.
2. The salaries of medical officers of health and inspectors of nuisances.
3. The remuneration of registrars of births and deaths.
4. The cost of pauper lunatics maintained in any asylum, registered hospital, or licensed house.
5. The cost of pay and clothing of police.
6. The cost of compensation to clerks of peace and other officers of quarter sessions.
7. The salaries of poor-law medical officers.
8. The cost of distumpiked and main roads.
9. The cost of criminal prosecutions.

These grants were made on the ground that the expenses in respect of which they were payable were considered wholly or in part to be of a national rather than a local character.

Under the Local Government Act, 1888, the above grants were discontinued, and in lieu thereof certain revenues, producing in the aggregate a larger sum, were assigned to the local authorities affected. These revenues are paid out of the Local Taxation Account of the Government into the Exchequer Contribution Account of the councils, and are composed as follows :—

1. The proceeds of the duties on the following licences (referred to in the Act as the local taxation licences):—

Licences for the sale of intoxicating liquor for consumption on the premises.

Licences for the sale of intoxicating liquor by retail, by persons not licensed to deal therein, for consumption off the premises.

Licences to deal in game.

Licences for beer dealers, spirit dealers, sweet dealers, wine dealers, refreshment-house keepers, dogs, killing game, guns, appraisers, auctioneers, tobacco dealers, carriages, trade carts, locomotives, horses and mules, horse dealers, armorial bearings, male servants, hawkers, house agents, pawnbrokers, and plate dealers.

2. The "Probate Duty Grant", i.e. four-fifths of one-half of the proceeds of the Probate or Estate Duties.

The local taxation licences were allocated to the Counties in which they were collected, and the probate or estate duty grant was assigned to England, Scotland, and Ireland, in the respective proportions of 80, 11, and 9 per cent: the English share being distributed between the counties in proportion to the discontinued grants in aid.

Under the Customs and Inland Revenue Act, 1890, the additional duty of 6*d.* per gallon on spirits imposed by that Act and a sum equal to 3*d.* per barrel on beer, known as the Local Taxation (Customs and Excise) Duties, are divided between England, Scotland, and Ireland, in the same proportion as the Estate Duty Grant. Out of the English share of these duties £300,000 is allocated to police superannuation, and the residue is distributed between the counties in a similar manner to the Estate Duty Grant, and must now, by virtue of the Education Act, 1902, be devoted to the purposes of higher education.

By the Agricultural Rates Act, 1896, further sums were payable out of the proceeds of the estate duty derived from personal property, for the relief to the extent of one-half of their rates of occupiers of agricultural land. This additional grant amounted to £133,000 and was a fixed sum, being based on the expenditure of local authorities during the year ended 31 March, 1896.

All sums received by a council in respect of the duties on the local taxation licences and estate duty grant have to be carried to a separate account, referred to as the Exchequer Contribution Account, and are to be applied as follows :—

1. In paying the costs incurred in respect thereof, or otherwise chargeable thereon.
2. In payment of the sums to be paid by the council * in substitution for local grants.
3. In payment of the grant to be made by the council in respect of the cost of union officers.
4. The surplus must be carried to the borough or county fund, or in aid of such rate, leviable over the whole of the borough or county, as the councils may determine.

In substitution for local grants out of the Exchequer, the council have to make the following payments from the Exchequer Contribution Account, viz. :—

To the Guardians of the Poor—Such sums as the Local Government Board certify to be due in

respect of the remuneration of teachers in poor-law schools and public vaccinators ;

The school fees paid for pauper children sent from a workhouse to a public elementary school outside the workhouse ;

A sum equal to the amount paid out of local grants towards the remuneration of the registrars of births and deaths during the year ended 31 March, 1889 ;

Four shillings a week in respect of each pauper lunatic chargeable to the guardians.

There must be a transfer to the accounts chargeable therewith of one-half of the salary of the medical officer of health ; four shillings a week in respect of each pauper lunatic chargeable to the borough, and one-half of the cost of the pay and clothing of the police during the preceding year.

In case the Home Secretary refuses to grant his certificate that the police have been maintained in a state of efficiency, the half-cost of the pay and clothing (or a proportionate part thereof, according to circumstances) is to be forfeited to the Crown.

The council have also to grant to the guardians an annual sum for the costs of the officers of the

union and of district schools to which the union contributes, and until Parliament otherwise determines, such sum must be the amount which the Local Government Board have certified to have been expended by the guardians during the year ended 25 March, 1888, on the salaries, remuneration, and superannuation allowances of such officers (other than teachers in poor-law schools), and on drugs and medical appliances. This grant, it will be observed, is a fixed one.

In addition to the above grants in aid of local taxation, further grants are received by education authorities under the Education Acts. (See Part III, Chapter IV.)

In pursuance of the Finance Act, 1908, the collection of the duties of certain local-taxation licences—viz., licences to deal in game, licences for dogs, killing game, guns, carriages (including duties charged under sub-section (1) of section 8 of the Locomotives or Highways Act, 1896), armorial bearings, and male servants—were transferred to county councils and county borough councils, and the sum of £40,000 is paid out of the Imperial Consolidated Fund annually to the local authorities towards the cost of collection.

LOANS AND CAPITAL EXPENDITURE

When any works of an extensive and costly nature are undertaken by a local authority, it is usual to regard these as permanent works, and inasmuch as the benefits of the works will be enjoyed by the ratepayers for many years, the authority, on application, is empowered, under sanction of the Local Government Board, by provisional order or by private Act of Parliament, to raise loans for the payment of the works, and the repayment of these loans is extended over a period of years, fixed by the Local Government Board or by private Act.

When it is decided, by resolution of the council, to request the Local Government Board to give their sanction to borrow money to cover the expenditure, an enquiry is held in the district where the works are proposed to be carried out. Plans and estimates are submitted in detail, and the officers of the authority are examined by the inspector of the Local Government Board in connection therewith. It is open for any ratepayer to attend the enquiry and lodge any objection he may have against the works being proceeded with. This is taken into account by the inspector and duly reported by him to the Local Government Board at the close of the enquiry.

When the sanction has been obtained the authority may proceed to raise the loan, either by the issue of stock, mortgages, or debentures, and

under private Acts, by bill or annuities, whichever is the most convenient method, having regard to the amount of loan required, and the state of the money market when the loan is issued.

Powers are obtained by provisional orders of the Local Government Board, to put in force the compulsory powers of the Lands Clauses Act, the repeal, alteration, or amendment of local Acts, the confirmation of improvement schemes under Part I of the Housing of the Working Classes Act, 1890, and also by the Board of Trade, in respect of gas and water schemes. (See Part III, Chapter XXI.)

In each case where additional borrowing powers are sought, particulars of estimates and expenditure and rateable value have to be furnished. Provisional orders are subject to confirmation by both Houses of Parliament, and may be either amended or rejected by them.

Before the passing of the Trustee Investment Act, constituting Colonial Government Stocks trustee securities, the most popular form of raising corporation loans was by the issue of stock, but within recent years, the effect of the Colonial Trustee Stocks has been to depreciate the value of the stocks of English municipalities, and the majority of corporations now raise their loans by mortgages. If, however, the local authority re-

quires to raise a large sum, say £500,000, for the purchase or inception of an undertaking, there is no doubt that the best way of raising the loan is by the issue of stock. Although some corporations issue their stocks under their own private Acts, under Part 5 of the Public Health Act, 1875, local authorities are authorized to issue stock, which must be subject to the regulations of the Local Government Board as to issue and redemption.

Before stock can be issued under the above Act, a consent order has to be obtained from the Local Government Board and, according to the regulations, the Council of the authority have to pass a resolution to that effect.

In the schedule containing the various sanctions and loans, the periods within which the loans have to be repaid vary considerably, and the Local Government Board may permit the authority to equate the periods, so that the stock will become due for repayment at the same date.

In the Stock Regulations of the Local Government Board it is provided that where a local authority have statutory borrowing powers and are authorized to exercise them by the creation and issue of stock, they may, instead of raising moneys by the issue of additional stock, exercise the borrowing powers, either wholly or partially, by using for that purpose any moneys for the time being forming part of a redemption fund. When a local authority determines to proceed in this manner, the council must pass a resolution to that effect. The effect of this provision is to enable local authorities to utilize the amounts accumulating in their redemption funds, for their own capital purposes, in lieu of going into the money market to raise fresh capital.

If the accumulation of the redemption funds of a local authority are sufficient to enable them to finance their own new borrowing powers, it is of great monetary advantage to them, inasmuch as the expenses of raising loans (e.g. discounts, commission, stamp duty, &c.) are saved.

It would appear at first glance that an authority, by using its redemption funds in this manner, would not be able to meet its liability when the original debt became due, but the method is as follows:—

The local authority withdraw from the Redemption Fund a prescribed sum, which is equal to the amount of the statutory borrowing power proposed to be exercised, and deduct from the amount of stock for the time being chargeable to the undertaking or purpose, a portion of Stock, at par value, equal to the sum withdrawn, and transfer that portion of stock to the separate account in respect of which the statutory borrowing power is exercised.

This arrangement appears to be rather intricate, but the following illustration will serve further to explain the transaction:—

"A" Stock Debt	£100,000
"A" Accumulated Redemption Fund towards repayment of £100,000 debt	50,000
"B" New Borrowing Power proposed to be exercised by the application of Redemption Fund "A"	50,000

The sum of £50,000 is taken out of Redemption Fund "A", to be used for the expenditure under borrowing power "B": when this has been done, a transfer is made, cancelling £50,000 of "A" Stock, and creating a new debt of £50,000 under Stock Debt "B". A sum equal to the dividends on the £50,000, cancelled under Stock Debt "A", would then be payable into the redemption fund of Stock Debt "A", and with the annual contributions and accumulations it would be found that at the end of the loan period of Stock Debt "A", there would be sufficient in the Redemption Fund to extinguish the debt. After the transfer has been made to the Stock Debt "B", a new redemption fund is created in order that the £50,000 transferred to that account shall be extinguished within the period of the statutory borrowing power "B".

SINKING AND REDEMPTION FUNDS AND REPAYMENT OF DEBT

The methods usually adopted by local authorities for the repayment of debts in respect of mortgages are as follows:—

(1) The Instalment of Principal System; under which equal yearly or half-yearly instalments of principal are repaid to the lender throughout the prescribed period for the loan, together with interest on the amount of the loan outstanding from time to time.

(2) The Annuity System; under which equal yearly or half-yearly sums, to cover both principal

and interest, are paid to the lender, throughout the period for the loan.

(3) The Sinking Fund System; under which such a sum is set aside yearly or half-yearly in the fund, accumulating at compound interest, as will be sufficient to repay the loan within the prescribed period.

"Redemption Fund" is the title given by the Stock Regulations of the Local Government Board, issued under the Public Health Amendment Act, 1890.

The same title is given by the Stock Regulations

of the Board, issued under the Local Government Act, 1888, and the Metropolis Water Act, 1892, to the account to which are carried the moneys required to be provided for the redemption of stock issued under, and subject to these regulations, by county councils and the Metropolitan Water Board.

A redemption fund is created and accumulated on the same lines as a sinking fund for the repayment of mortgages.

With reference to the operations of the sinking and redemption funds of local authorities,

returns are made annually to the Local Government Board, and a close supervision is exercised to ensure that the local authorities have complied with the statutes and orders in connection therewith.

These returns set out clearly—

The amount of the borrowing power.

The amount of Stock issued.

Annual contributions to, and accumulations of, the redemption funds.

Amount of stock purchased or extinguished.

Balance of redemption fund, invested or how applied.

ACCOUNTS OF LOCAL AUTHORITIES

The methods of keeping the accounts of local authorities vary considerably. In respect of a number of local authorities the Local Government Board have power to prescribe forms of account, but this has only been done in a few instances, with the result that there is no uniformity, and it has been left to the various authorities and their financial officers to adopt the system which seems best suited to their needs. The Board of Trade have, however, prescribed forms of account for Electrical Undertakings.

In a number of instances the old and obsolete system of accounts kept on lines of "Receipts and Payments" still obtains, more especially with those authorities where the Local Government Board has power to make regulations or orders.

The majority of municipal corporations keep their accounts on the "Income and Expenditure" system, with balance sheets, taking into account all their assets and liabilities.

There is much to be said in favour of this system as compared with that of "Receipts and Payments". Although the latter has the merit of simplicity, such an advantage is only obtained at the cost of completeness, as it does not include every part of a transaction as and when it takes place, but only that part which is represented by a cash payment: e.g. the ledger accounts fail to record the acquisition of stores on delivery, and take account only of purchase transactions when actual cash is paid.

The "Receipts and Payments" system is therefore incomplete in regard to the safeguarding of materials purchased, unless it is supported by a stores account properly ordered and kept.

Another strong objection to this system is that it is almost impossible to produce therefrom a statement of profit and loss when required, and that it does not lead up to a balance sheet showing the true financial position.

On the other hand, the "Income and Expenditure" system contains a record, so far as possible, of every step in a transaction as it takes place; it thus affords protection against negligence or irregularity. It also ensures the compilation of the transactions of any given period completely and accurately, and is necessary for arriving at a correct financial position.

Again, it may also be said that rates levied on systems based on the lines of "Income and Expenditure" are more equitable to the ratepayers. It is therefore clear that "Income and Expenditure" principles afford a basis for a complete and proper system of accounts.

In connection with county councils it is necessary to keep the accounts in sections, such as the General County Account, the General and Special County Purposes Account, Exchequer Contribution Account, Education Account, Police Pension Fund, &c.

In municipal corporations the accounts for the several funds are kept separate, and separate balance sheets are prepared, also the usual stock and stores accounts.

Where the Local Government Board has prescribed forms of financial statements to local authorities, and for many of the minor classes of authorities, the forms are the keeping of a ledger, minute book, and treasurer's accounts.

No orders have been made in connection with the accounts of borough councils generally, or of county councils, or of rural district councils.

The books of account should be kept in such a manner as to provide a complete and chronological record of the transactions of each financial period, and offer all necessary facilities for audit in detail throughout. Such forms should only be prescribed in regard to matters which do not admit of variation without loss of efficiency and conciseness, where it is clearly desirable in the interest of uniformity or simplicity.

The Ledger

Each ledger account should be so headed as to show the place in the ledger system; a sufficient description should be given to each entry therein, and especially to every allocation, adjusting entry, or other special entry.

Proper care should be given to the order and arrangement of the accounts opened in the ledgers, and the rules of double entry should in all cases be observed. The omission of any class of personal accounts must destroy the completeness of the ledger system. It is desirable, however, that the chief ledgers should be relieved in certain cases, by dealing with creditors and debtors in aggregate accounts based upon the details produced by subsidiary books of account.

Ledger accounts with debtors should always be kept: they are, in most cases, better shown by opening an aggregate account dealing with each source of income as summarized in the subsidiary book relating thereto (e.g. the Rate Book and the Accounts Rendered Book); but cases will arise in which the opening of individual ledger accounts is preferable.

Separate accounts should in all cases be opened in respect of expenditure chargeable to loans or loans authorized for any specific purpose.

Stores Accounts

One of the chief objects in the accounts of a local authority is to keep a close check upon the expenditure, and also to be able at any time to ascertain the cost of the various works. To carry out this effectually a complete system of material stores accounts is necessary, more especially with those authorities who carry out their own works, or who have their own commercial undertakings, such as gas, water, tramways, &c. By means of these stores accounts the financial department is able to ascertain that all goods paid for are received, also that the various materials used are correctly charged and allocated to the respective accounts of the several works.

A short description of the working of stock and stores accounts is as follows: A tradesmen's order book should be kept by the surveyor, this being the only source from which goods received into stock are ordered. It should be arranged in triplicate form, viz.: counterfoil, order, and invoice, the latter being returned and duly entered up when the goods have been supplied. This invoice should be retained by the surveyor for comparison with the tradesmen's statements of account when rendered, and attached thereto previous to forwarding same to the Financial Department.

In order to obtain materials out of stock for the works, it is necessary for the foreman before obtaining such materials to send an order to the depot or district yard. This book would be termed the foreman's order book, and the orders should be carefully preserved by the clerk at the depot after being entered in the depot journal. In addition to the order for the goods, the works chargeable and the place where it is being carried out should be stated thereon.

It is also necessary to keep a depot journal, where the items are entered up daily of all materials that are delivered out and the works on which they are used, in accordance with the foreman's orders, and also goods received in the depot, in accordance with the tradesmen's order book, through the surveyor.

Where there are a number of depots under a local authority it is necessary that copies of this journal should be forwarded to the central office or the finance department, and to obviate duplication of work the books should be printed in duplicate with carbon paper; and it would be the duty of the depot clerk to forward to the central office a copy of the daily transactions as often as may be required.

In order that the surveyor and clerks at the depots should be in close touch with their operations a yard-stock ledger should be kept, which should be posted daily from the depot journal. The headings of the accounts in this ledger should take the form of the materials, e.g. brushes, oil, sand, bricks, &c., so that when the items have been posted from the depot journal the balance in the yard-stock ledger should show at any time the stock in hand of any particular material.

For the purpose of assisting the surveyor to deal expeditiously with the large number of tradesmen's accounts which are continually sent in for goods supplied, it is necessary that the tradesmen's ledger should be entered up daily from the depot journal to enable the surveyor to have a complete check in his transactions with the various tradesmen. This ledger would also be of service to him when he is required to certify the accounts as correct.

Up to this point material-stores accounts are only dealt with by the surveyor and his assistants at the depot; but when the returns are made of the daily transactions from the depot journal to the finance department, they are analysed for the purpose of making the entries in the principal account books of the authority, credit being given to the material-stores account for what has been taken therefrom, and the various accounts and works of the local authority charged for the stores used.

It is advisable for a representative of the finance department to visit the depots periodically, say once in three months, to test the stock in hand in accordance with the yard-stock ledger.

In the larger local authorities the turnover in the material-stores account is very considerable, amounting to many thousands of pounds annually, and in some instances where municipalities convert raw materials into manufactured goods it is necessary to charge the wages expended in the conversion to the stores account, and in this connection care must be exercised to ascertain that the various materials are charged with the wages expended thereon before the goods are delivered out of stock.

Stocktaking occurs usually at the end of the financial year, and persons who take the stock should be independent of those whose duty it is to keep the stock during the year.

When the aggregate amount of the stock has been arrived at in the stocktaking it should be compared with the stock account in the principal ledger of the local authority, and should any differences occur they can be traced by comparison with the yard-stock ledger to ascertain in what class of material any discrepancies arise.

It will be seen from the above description of stores accounts that the revenue or rate accounts are only charged in any one year with the materials actually used.

Balance Sheet

If the accounts of a local authority are kept strictly on the lines of Income and Expenditure, there is no difficulty in presenting a balance sheet showing the true financial position. The balance sheet should, however, be as brief and concise as possible, at the same time containing sufficient information to make it clear of comprehension.

A municipal balance sheet should be drawn up

on lines different from those of a commercial balance sheet; the capital account should be treated as a complete section, and separated from the revenue accounts. In the capital portion the surplus of assets over liabilities is treated as a separate item from the surplus or deficit in the revenue account. The last-named item should be the amount of the balance brought forward in making the estimates for levying the rates of the succeeding period.

The assets side of the balance sheet should show the expenditure in respect of all capital charges, giving briefly the nature of the work or the properties acquired; also the sundry debtors, and if there is a balance of cash in hand, the cash balance.

On the liability side of the balance are shown the liabilities of the various loan accounts, sundry creditors, and the difference between the two sides would then be the excess of assets, representing loans paid off, accumulations of sinking and redemption funds, and capital expenditure paid for out of revenue. Should the cash account be overdrawn the cash balance would appear on the liability side.

With respect to the revenue account in the balance sheet, on the liability side the sundry creditors are brought into account and also any surplus on the year's working. Should there be a cash balance overdrawn, it would appear on this side of the balance sheet.

On the asset side would appear the sundry debtors and also the cash balance in the hands of treasurer.

The table on p. 73 is a short illustration of a municipal balance sheet.

This illustration is applicable to the balance sheet of any particular fund or undertaking of a local authority, but it is usual when all the balance sheets of the various funds have been prepared, to compile an aggregate statement or balance sheet in which all the other balance sheets are consolidated.

MUNICIPAL TRADING

The rapid growth in recent years of municipal trading and the many diversified opinions that have been expressed from time to time thereon are worth while considering, as they enter considerably into the financial arena of local authorities. (See also Part III, Chapter IV, C.) The idea and first principles of municipal trading were to secure through the municipalities in the various districts the necessities of life, and, as it was claimed at the time, a better service of the commodity supplied and at the least possible cost. To a certain extent this has been successful, and many towns apply large sums, being profits in respect of their under-

takings, in aid of local taxation; but of recent years there has been a tendency in Parliament, when local authorities have applied for special powers in connection with their undertakings, to curtail the application of profits to rates, and in some instances the principle has been laid down that these profits must be applied to the reduction of the prices charged for the service rendered.

Whether this principle is fair is open to question, inasmuch as the capital to be found for the undertaking has to be secured by the rates, and should the undertaking fail, the ratepayers would be called upon to make good any loss. It appears

MODEL BALANCE SHEET FOR A LOCAL AUTHORITY

LIABILITIES		CAPITAL ACCOUNT		CAPITAL ACCOUNT		ASSETS	
	£	s	d.	£	s	d.	
To 3½ per cent Redeemable Stock	£400,000	0	0				
" Mortgages	210,000	0	0				
" Sundry Creditors:				610,000	0	0	
For Balances due to them				1,310	5	9	603,500
" Excess of Assets on Capital Account:							0
Amount paid out of Rates and Revenue for Property, Stocks, and Outlay of a Capital nature	£2,100	0	0				14,000
Accumulations of Sinking and Redemption Funds	24,500	0	0				0
Loans paid off by Instalments out of Rates	3,000	0	0				17,210
Less Depreciation as per contra	£29,900	0	0				5
	6,500	0	0	23,400	0	0	0
				634,710	5	9	634,710
To Sundry Creditors:							
For Balances due to them	£2459	19	7				
Excess of Income over Expenditure this year	£2314	13	2				
Deduct Deficit of previous year	896	0	0				
Available Surplus on Revenue Account	1418	13	2				
				3,878	12	9	3,878
				638,588	18	6	638,588

* This item should be elaborated under the following heads:—

A. Unremunerative and Unrealizable.

B. Unremunerative but Realizable.

C Remunerative.

D. Floating.

only equitable that if the ratepayers are to find the capital and guarantee any loss they should have the benefits of any profits made, because it must be understood that in many undertakings the users may not be all ratepayers, e.g. passengers on tramways, consumers of gas and electric light, &c. It has been on many occasions stated that local authorities cannot manage commercial undertakings so advantageously as public companies; but this argument has long been dispelled, although there are other objections. As an instance, amongst other objections, Lord Avebury, in a speech on the subject at a meeting of the London Chamber of Commerce, on one occasion said: "Our municipalities have most important duties to perform, duties sufficient to occupy all their time and tax all their energies. They cannot both govern and trade. If they insist in embarking on commercial undertakings they will, I am persuaded, increase our rates, check the progress of scientific discovery, and stifle, if not destroy, that spirit of private enterprise to which, in the past, our commercial supremacy is mainly due."

On the other hand, the *Stock Exchange Official Intelligence*, in dealing with this subject, said: "An interesting feature in the evolution of local government in the United Kingdom is the growth during recent years of municipal trading": and then certain cases are put forward which have contributed to the development of trading enterprise by local authorities. Among them is mentioned "the inefficiency in many cases in the services supplied by public companies, owing principally to the inadequate provision made to meet the in-

creased demand resulting from the development of the areas under supply; the increased facilities afforded by modern legislation for the establishment or acquisition of such services as are regarded of public necessity or convenience, and the higher ideals which have arisen in regard to civic responsibility". The difference of opinion of two such high authorities makes it difficult to draw the line as to what extent municipalities should proceed in this direction.

The large undertakings that have been established or acquired considerably affect the finance departments of the local authorities. In some cities, such as Liverpool and Birmingham, separate departments have been created, and in the case of London the water undertakings, or being taken over from the various water companies, were sufficiently important to have an authority constituted, viz. the Metropolitan Water Board, to control and manage their affairs. There are also a number of Joint Water Boards throughout the country which have been constituted on similar lines.

With reference to the accounts of commercial undertakings, they should provide that the results of the actual working, apart from the loan charges, should be first shown in the Revenue Account, and that the loan service and other charges not directly attributable to working should be dealt with in a separate Net Revenue Account, also setting out the manner in which the surplus or deficiency shown therein is treated, in accordance with the statutory requirements.

Separate balance sheets should also be prepared in respect of each undertaking.

DEPRECIATION AND RESERVES

As a sequel to municipal trading, the question has often arisen as to whether depreciation is adequately provided for. In considering this question it must not be forgotten that the capital account of a municipal undertaking is subject to different treatment from that of a public company. Under the Acts of Parliament and regulations affecting the loans of municipalities, there is always provision made for the repayment of the capital within a prescribed period of years, and it has been claimed that the sinking fund should be sufficient to meet any ordinary depreciation in respect of any undertaking or capital expenditure of a local authority.

It must also be remembered that the undertaking has to be kept up out of the profits, including renewal and repairs. Of course this cannot be taken as a hard-and-fast line, and in some instances, e.g. electric lighting and tramways undertakings,

where there is considerable wear and tear, and, occasionally, obsolescence of machinery, it is necessary to make special provision, and this generally takes the form of a reserve fund. There does not appear to be general uniformity amongst local authorities where these reserve funds have been accumulated, but very often the system depends upon the profits earned. It could not be considered equitable for, say, the ratepayers from 1900 to 1930, to be compelled to finance the loan service of an undertaking and at the end of that period to hand it over to posterity free of debt, and at the same time be called upon to contribute towards the accumulation of a depreciation fund.

So long as the undertaking is kept up to the proper standard of requirement out of revenue, there is no occasion for the local authority to consider a depreciation fund, as the contingency of a reserve fund would be sufficient.

FINANCIAL ADJUSTMENTS

An important feature of municipal finance in recent years is that of financial adjustments between local authorities, rendered necessary by the alterations of areas or the creation of new county boroughs.

It was considered that the Local Government Act of 1888 provided for any question that might be raised in this respect. Where the alteration of boundaries is effected it is always found that there are properties and liabilities in regard to which it is necessary to make some arrangements and adjustments; and adjustments in regard to such matters are secured by the Order by which any alteration of area is effected under the provisions of the Local Government Acts, 1888 and 1894. As a matter of practice, however, the Order does not as a rule specifically state such questions, but leaves them to be dealt with in the operation of section 62 of the Act of 1888 as applied to section 68 of the Act of 1894. These enactments enable any councils or authorities interested to make agreements for the adjustment of any property, income, debts, liabilities, and expenses so far as they are affected by the order.

In case no agreement is made for adjustment, the matter may be referred to arbitration, and the arbitrator may by his award provide for any matter for which the agreement might have provided. It is difficult to lay down any general rule which may popularly be the subject of adjustment, since this must be determined on the circumstances of each locality; but it has been determined in the House of Lords in the case of the *Caterham Urban District Council v. Godstone Rural District Council* (1904), that compensation for apprehended loss of property or injury is not a matter that falls within the purview of the Act of 1888, or, presumably, of section 68 of the Act of 1894; therefore, upon alterations of boundaries, no claim can be made under these sections by one authority against another for loss of rateable value.

Owing to the numerous alterations of areas which have occurred during recent years, the authorities have found it difficult to make equitable financial adjustments on account of the diversity of opinions as to what items form the subject of compensations, and a joint select committee of the House of Lords and the House of Commons was appointed to enquire into the application of the provisions of the Local Government Acts, 1888 and 1894, and the Local Government (Scotland) Acts, 1889 and 1894, relating to financial adjustments consequent on the alteration of boundaries of a local area, or on the alteration in the

constitution or status of the governing body of a local-government area, and to report whether they were of the opinion that any amendments in such provisions are desirable.

The Joint Select Committee, after hearing evidence from representatives of the various associations connected with municipalities, and also from the Controller of the London County Council, and clerks of poor-law unions, issued their report.

They were of the opinion that it would not be just to give to either party compensation for loss of rateable area as such, yet each party before the arbitrator should be entitled to produce evidence to prove that in carrying out the administration of their areas and maintaining their roads and bridges, they would, on the figures as they stood at the date of the alteration, have legitimately imposed upon them an increased burden, or a burden which would, in the judgment of the arbitrator, be thrown upon them at some future time in reference to some particular head of administration in consequence of the taking away of part of the area, and that compensation should be paid to the party having to bear such increased burden in each case where it was proved to exist. They also considered that the same principles should apply with regard to county investments and the beneficial user of county property.

It was alleged in evidence that certain counties do not act equitably in declaring certain roads to be main roads, or refraining from making certain roads main roads which ought not equitably to be so treated, and it was urged that this matter should be taken into consideration before the arbitrator. The Committee, on this point, were of the opinion that some central authority should have the duty of deciding what roads ought to be considered main roads, but as this would require legislation, they considered that in the interval this question of main roads should be decided by the arbitrator, and compensation paid where loss is shown to have occurred; also, that as the powers of such central authority might materially alter existing conditions, it was desirable that compensation in this respect should be paid as an annuity and not in a commuted amount, the basis of the annual compensation to be made on a five years' average.

In respect of other heads of expenditure the Committee found that the ascertainment of compensation presented features of difficulty in respect of the period for commuting the annual sums payable, and they decided that on the whole, the fairer

plan would be to fix a maximum (which they suggested should be fifteen years' purchase) beyond which the arbitrator should in no case go, and allow him to adapt to the circumstances of each particular case a multiple of a year's purchase of the annual loss that may be proved on each head of claim.

In Scotland, where the same difficulties connected with roads do not apply, it has been found possible to arrive at an agreement between the parties based on the principle of giving to the losers twelve and a half years' purchase of the amount which they can prove to be their loss, this figure being made use of in dealing with each item of administration.

The Committee also report on the redistribution of local taxation licences and estate duties that would be necessary on the alteration of local government areas, and they came to the conclusion that the priority payments as set out in sub-sections 1, 2, and 3 of section 23 of the Act of 1888 should remain; and although the cost of main roads was not included as a priority payment, the Commissioners under the Act took the view that half the cost of main roads should be the next charge upon the surplus of the Exchequer Contribution Account, after satisfying the priority payments. In this respect the Committee found that it had been the practice in financial adjustments already settled, and they were of the opinion that in future half the cost of main roads should be a first charge upon the surplus of the Exchequer Contribution Account, after the

priority charges set out in section 23 of the Act of 1888 had been satisfied.

With regard to the surplus of the Exchequer Contribution Account, the Committee decided that this sum should be distributed between the authorities in proportion to rateable value.

With reference to questions raised by urban and rural district councils, the Committee were of the opinion that the principles for the ascertainment and payment of compensation should apply as recommended between counties and county boroughs.

With respect to district debts, the principles to be followed would be to divide the debt according to the proportion of the rateable value of that part which was left of the old area, after the severance, and that part which was taken from it and absorbed in some other unit, each part taking over its own share.

The case of poor-law unions was also brought before the notice of the Committee, and they were of the opinion that the principles applicable to counties and county boroughs should apply, except so far as they refer to Government grants.

The Joint Committee in concluding their report also recommended that the Local Government Acts, 1888 and 1894, and the Local Government (Scotland) Acts, 1889 and 1894, should be amended in accordance with their conclusions. They anticipated that the proposed alterations in the law would effectually solve many of the difficulties which at present attend the alteration of boundaries of local government areas.

AUDIT OF THE ACCOUNTS OF LOCAL AUTHORITIES

The accounts of Local Authorities are audited either by district auditors appointed by the Local Government Board in pursuance of the District Auditors Act, 1879, or by elective auditors appointed in pursuance of the Municipal Corporations Act, 1882. Authorities whose accounts are audited by the district auditor are county councils, visiting committees of county lunatic asylums and joint county and borough lunatic asylums, joint committees of county councils, local fisheries committees, metropolitan borough councils, urban and rural district councils, parish councils, boards of guardians, overseers of the poor, managers of poor-law school districts and asylum districts, central (unemployed) boards and district committees having the powers of central boards, port sanitary authorities (other than borough councils), general boards and committees for purpose of sewage, drainage, and water supply, joint hospital boards, joint gas boards, isolation hospitals committees,

and certain town councils which have so desired. (See also Part III, Chapter IV, B.)

The Local Government Board may from time to time assign to district auditors their duties and the districts in which they are respectively to act, and every district so assigned to a district auditor, whether originally or upon any change, is deemed to be an audit district within the meaning of any enactment relating to district auditors or their districts. The appointment of a district auditor is subject to the sanction of the Treasury.

Where the accounts of the receipts and payments of a Local Authority are subject to audit by a district auditor, the Local Government Board may make such regulations as seem necessary in respect of the audit of such accounts. They also generally prescribe the form of the statement of the account of the Local Authority, and the mode of publishing, and the time and place of the holding of the audit.

If the Local Authority fails to comply with the provisions of the District Auditors Act, 1879, with respect to the financial statement, the Authority or the officer responsible for keeping the accounts is liable to a fine of £20 for each offence.

The remuneration and expenses of district auditors are partly paid out of moneys provided annually by Parliament and partly out of local rates. The method adopted is for Parliament to pay the total expenses, and the contribution from the authority is on the basis of stamp duties, the rates being as follows: from 5s. where the total expenditure comprised in the financial statement is under £20; and upwards to £60 for £150,000 to £200,000; and on to £200,000 and upwards, £15 for every additional £50,000 or part thereof.

Before an audit by the district auditor takes place it is necessary to give public notice by advertisement or otherwise, notifying the date and place where the audit is to be held, and the accounts have to be deposited for inspection by the ratepayers, prior to the audit.

It is the duty of auditors to see that all books and accounts have been kept in accordance with the forms prescribed; they should also satisfy themselves that all moneys received have been duly accounted for, and that the payments made are in accordance with the orders of the council, and that vouchers are produced. If it appears to an auditor that moneys have been misapplied, or any expenditure has taken place which, in his opinion, the Authority was not authorized to make, or should any moneys have been received and not accounted for, he is entitled to make a surcharge upon the members of the Authority or their officers to make good any deficiency caused thereby.

It is within the province of a district auditor to require the attendance of any accounting officer of a Local Authority at an audit, and also compel him to produce all books and papers he may require for the purpose of the audit.

After the audit has been completed and duly certified by the district auditor, the statutory

financial statement is duly stamped and forwarded to the Local Government Board.

The auditors appointed to audit the accounts of a municipal corporation are the elective auditors appointed under section 25 of the Municipal Corporations Act, 1882, which provides that there shall be three auditors, two elected by the burgesses, called elective auditors, and one appointed by the mayor, called the mayor's auditor.

These auditors must also audit the accounts of the urban sanitary authority where the municipal corporation acts in that capacity, in pursuance of section 246 of the Public Health Act, 1875. It would appear, however, that the duties of the elective auditors are to audit the receipts and payments of the treasurer of the municipality.

There is no doubt that legislation is required here, in order to give the elective auditors power to examine and certify the whole of the accounts of a municipality. Another weakness is also shown in respect of the election of these auditors, as no professional qualification is required; they must be qualified to be councillors but must not be members of the council, or the town clerk or the treasurer.

Elective auditors have no power of surcharge, but are only required to satisfy themselves that the orders of the councils have been carried out.

A large number of Local Authorities have, however, appointed professional accountants to audit their accounts, as, with the growth of municipal finance and the large number of their trading undertakings, a complete and professional audit has been found necessary. Other boroughs have applied for audit by the district auditor.

It would be impossible for the auditors to examine all the details of the accounts of large municipalities, and in this connection an internal audit has to be maintained as between the financial department and the accounting officers of the other departments, and it is the duty of one or more of the financial staff to exercise a continuous audit where numerous daily transactions affecting finance are concerned.

LOCAL GOVERNMENT FINANCE IN SCOTLAND

Local Authorities in Scotland

The systems of local government in England and in Scotland are dissimilar in many respects, although there are County Councils, Town Councils, Poor Law and Education Authorities performing duties which are much alike in both countries.

In Scotland the Education Authority is a Board elected for the purpose, as was formerly the case

in England, and there are no Urban District Councils or Rural District Councils. The Town Councils of Police Burghs may be considered as being somewhat in the position of Urban District Councils, as County Councils administer certain public Acts in their areas, and assess for general county expenditure.

Burghs in Scotland are of three classes, Royal, Parliamentary, and Police. Royal Burghs were created by Royal Charter many years ago; Parlia-

mentary Burghs were created by the Reform Act, 1832; while Police Burghs are created and have their boundaries defined in terms of the Burgh Police (Scotland) Acts by the Sheriff of the County, on the application of the inhabitants. Royal and Parliamentary Burghs, no matter of what size they are, and many of the old royal burghs are very small (New Galloway has a population of 352), are either completely independent, or almost so, of the County Authorities, while Police Burghs remain in the county for many purposes, e.g. the Valuation Acts and the Diseases of Animals Acts. It does not matter how large and important a police burgh may become, no statutory procedure exists whereby it may be entirely separated from the county. There are no Charters of Incorporation granted in Scotland, and no Royal Burgh has been created since the year 1700.

The different classes of burghs are governed by one code of police law, or rather series of Acts regulating burghal powers and duties, from which, however, the five large towns of Edinburgh, Glasgow, Aberdeen, Dundee, and Greenock are excepted. The proceedings of the Town Councils of these towns are regulated, and their powers and duties prescribed, by special local Acts of Parliament. It is within their power to adopt the general Act and supersede the special provisions of the local Acts; but although this power has been exercised pretty freely regarding general police regulations, it has not been put into operation as regards methods of finance, and while speaking generally the system of accounting in these towns bears a strong resemblance to the system in general use, it is not necessarily the same.

Revenue from Government Grants

Rating is, and will always be, the principal source of the income of Local Authorities, but Government Grants or Subventions form an important part thereof. For many years Parliament has voted money in aid of certain items of the expenditure of Local Authorities; but under the reorganized scheme of Local Government, which came into force with the passing of the Local Government (Scotland) Act, 1889, some of the more important grants made by votes ceased to be made in that way, and were charged upon certain revenues imposed and collected by the Imperial officers, but handed over to local purposes. The discontinued votes were made towards the following purposes:—

1. Police Pay and Clothing;
2. Maintenance of Pauper Lunatics;
3. Poor Law Medical Relief; and
4. Cost of Maintaining Disturnpiked Roads.

The principal grant for education is still made by vote. The total amount of the discontinued votes was about £335,000.

Under the scheme of Local Government introduced by the Act of 1889, the local taxation licences and a proportion of death duties were paid into the Local Taxation Account, and distributed among the various Local Authorities in Scotland, in lieu of the discontinued votes, while an additional sum realized from an increased duty on spirits and on beer was also distributed after the passing of the Customs and Inland Revenue Act, 1890.

Subsequent legislation added to the amounts of the grants made from the Local Taxation Account, and now the total of these is considerably over £1,000,000, of which sum, however, a large part is paid to Universities and School Boards for educational purposes, including technical and higher education.

The grants made to the Burghs are for the following purposes:—

1. Burgh Medical and Sanitary Officers;
2. Police Pay and Clothing;
3. Roads;

and are a fixed annual sum for the whole country, distributed according to the expenditure of each Local Authority.

There is a fourth grant for relief of the rates or in aid of any expenses incurred by the Council under any statutory powers from time to time vested in them, or under any scheme of public utility framed by the Council and approved by the Secretary for Scotland. In practice this grant is used for relief of rates, although in some places parts of it are expended under schemes of public utility, such as subscriptions to the building funds or the maintenance of general hospitals or infirmaries.

Under an Act of 1896, Royal Burghs were relieved of the land tax levied on them payable to the Crown by the grant of an amount sufficient to meet the yearly charge.

The grants to counties embrace the following purposes:—

1. Medical and Sanitary Officers.
2. Roads.
3. Police Pay and Clothing.
4. Relief of Agricultural Rates.

The first three are allocated from a fixed annual sum, and all except the fourth are distributed according to expenditure.

And there is also the grant in relief of rates, as in the case of burghs. Besides these the counties of Argyll, Inverness, Ross and Cromarty, Suther-

land, Caithness, Orkney and Shetland have a special annual grant of £10,000 allocated among them, known as the Highlands and Islands Grant.

• Although it is not a grant towards local rating, yet, as local rating is in the ultimate the security for payment of Police Pensions, the grant for Police Superannuation made in respect of Burgh and County Police Forces may also be mentioned.

The proportion which the grants bear to the revenue from assessments may be stated in counties and burghs as less than £1 of grant to £10 raised in rates. As the annual amounts of the grants are, with the exception of those for relief of rates, stereotyped sums for the whole country, this proportion tends to decrease.

Parish Councils are in receipt of grants for:—

1. Poor Law Medical Relief;
2. Maintenance of Pauper Lunatics; •
3. Relief of Local Rates; •

which are made from fixed annual sums.

In allocating the first of these, half the cost of trained sick nursing is first charged against the grant, and the residue is distributed in proportion to the vouched expenditure on medical relief. The second is distributed in proportion to the expenditure on maintenance not exceeding eight shillings per head.

• The grants to School Boards are numerous, but need not be specified, and are not all made from fixed amounts. The vote by Parliament for public educational purposes is the largest subsidy from Government made to School Boards, and is distributed on the basis of average attendance. The next in importance is what is known as the fee grant of 12s. per child; it also is distributed according to attendance. There are special grants to the poorer Highland parishes.

Rates and Assessments

The main part of the revenue of Local Authorities is raised by rates levied on the valuation of property as made up by the Lands Valuation assessor under the Valuation Acts. The assessor is appointed by the County Council in counties (including police burghs), and by the Town Councils in royal or parliamentary burghs, and in most cases is an officer of inland revenue, having the survey of income tax and assessed taxes, although it is not the custom to appoint inland revenue officers in the larger towns and in some of the counties. In making up the valuation roll, the assessor is instructed, in estimating the yearly value of lands and heritages, to take as the amount a rent which, taking one year with

another, such lands and heritages might in their actual state be reasonably expected to let at from year to year; and where the lands and heritages are *bona fide* let for a yearly rent conditioned as the fair annual value thereof, such rent shall be deemed and taken to be the yearly rent. Many involved and intricate questions have arisen regarding the value to be put upon public works and other subjects, but the decisions of the Court have generally been arrived at by ascertaining the value which the premises might reasonably be expected to realize in rent if let.

While the Valuation Roll is the foundation for all rates or assessments levied, there are variations in regard to some properties and for the purposes of certain rates. Certain premises are by statute exempted from local taxation, such as churches, chapels, meeting-houses, and premises appropriated to public religious worship, burial grounds, and voluntary schools. The exemption of burial grounds extends to cemeteries owned by companies who make profit therefrom.

In counties the rates are levied and imposed on all lands and heritages within the county, subject, of course, to the statutory exceptions referred to, while in burghs rates are levied upon certain properties at one-fourth only of their full annual value. These properties are:—

All lands and premises used exclusively as a canal or basin of a canal, or towing path for the same, or as a railway or tramway constructed under the powers of any Act of Parliament for public conveyance (excepting the stations, depots, and buildings, which shall be assessable to the same extent as other lands and premises within the burgh), and all bridges, frontages,¹ and ferries not being private property.

All the underground gas and water pipes, or underground works of any gas or water company or corporation.

Salmon fishings, and all woodland, arable, meadow, or pasture ground, or other ground used for nurseries, market gardens, or for agricultural purposes.

Thus it happens that a tramway partly in a burgh and partly in a county pays rates on its full valuation in the county, while in the burgh it pays rates only on one-fourth thereof.

In the case of the rates imposed by Parish Authorities, while the valuation or rents stated in the Valuation Roll are the basis, these rents are the gross yearly values of the several lands and heritages, and for parochial rating purposes deductions are allowed from these values for "the

¹ "Frontages" seems to be a misprint in the Act for "pontages".

probable annual average cost of the repairs, insurance, and other expenses, if any, necessary to maintain such lands and heritages in their actual state; and all rates, taxes, and public charges payable in respect of the same". Each Parish Council determines for its own area the amount of the deductions to be allowed, and the percentages deducted for similar classes of property in different parishes vary considerably. A system of classification of properties existed in some parishes whereby the parochial authority levied different rates of assessments upon the occupiers of the property in each class. This was stated to be giving effect to a rough method of adjusting the assessment to the taxable capacity of the ratepayer. By the Agricultural Rates Act, which provides that agricultural lands are only to be rated at three-eighths of their value, and which is now annually continued by the Expiring Laws Continuance Act, these classifications are abolished during the currency of that Act.

The Authorities responsible for the levying and collection of the rates are the County Councils, Town Councils, and Parish Councils, the latter of whom collect the school rates.

The following are the principal rates levied by County Councils:—County Police, County Road, Lunacy, Public Health, Diseases of Animals, County General, and General Purposes. The County General rate is for the purpose of defraying salaries of officials, upkeep of buildings, &c., while the General Purposes Rate is used for purposes for which special rates are not separately leviable. The County Council also levies the rates raised in special drainage, scavenging, water supply, or lighting districts.

Prior to the Local Government Act of 1889 the rates levied in counties were paid wholly by owners of property. By that Act it was provided that so long as these rates did not increase they should continue to be levied from owners, and that any increase above an average rate in the pound, to be determined for each rate and for each county over the period of ten years, ending Whitsunday, 1889, should be divided equally between owner and occupier. In the fixing of the averages, any portion of the rates which had been applied to the payment of interest or repayment of principal of borrowed money was to be omitted, and rates sufficient to pay the principal and interest of money borrowed before 1890 were as long as necessary to be raised from owners. As, of course, county expenditure has greatly increased with the more energetic management of County Councils, the bulk of the rating is divided equally.

In burghs the most important rate, that for Burgh General Purposes, including Police, Cleans-

ing, Fire Brigade, Lighting, &c., is charged wholly on the occupier, while the other rates for Roads and Streets, Public Health, Sewers, and Parks, &c., are levied one-half on owners and one-half on occupiers. A change, however, has been made as regards small dwelling houses by the House Letting and Rating Act, whereby in the case of houses defined as small dwelling houses the rates, while apparently still to be levied upon occupiers, are only recoverable from the owners. A small dwelling house is defined as a dwelling house in a Burgh or Special District in which the Act is in operation of the yearly rent or value of

£10, or under, if the population of the burgh or special district is under 20,000;

£15, or under, if the population of the burgh or special district is 20,000, and less than 50,000;

£21, or under, if the population of the burgh or special district is 50,000 and upwards.

The Act applies without adoption in all burghs with a population of 10,000 and over, and by adoption by the Town Council in any burgh the population of which is under 10,000, and by adoption by the County Council in any special district of a county formed for drainage, water supply, scavenging, or lighting purposes. This Act applies to all local assessments the proceeds of which are applicable to public local purposes, and has changed the whole incidence of local taxation in so far as regards the greater number of dwelling houses in burghs. In respect that the owners are now responsible for the rates on the houses falling under the Act, they are allowed a percentage not exceeding £2, 10s. on all occupiers' assessments or rates as a deduction to cover cost of collection.

In parishes one-half of the rates are leviable from owners and one-half from occupiers, and the School Rate is levied with the Poor Rate, the amount required being certified to the Parish Council by the School Board.

There are thus two Authorities levying and collecting rates in each Royal and Parliamentary Burgh and in County areas, and in Police Burghs there are three, the County Council who exercise certain functions in these burghs having the power of rating for the County General, General Purposes, Diseases of Animals, and other rates therein. There is a power given in the Local Government (Scotland) Act, 1894, to Local Authorities to agree to a consolidation of rate-collecting machinery, but it has only been made use of in a very few cases.

Budgets

The rating authorities are three: County Coun-

cils, Town Councils, and Parish Councils, but the spending authorities are more numerous.

In counties there may be many spending authorities, the most important of these being the District Committees and Standing Joint Committee. The District Committees consist of the County Councillors of the district, with representatives of the Town Councils of those burghs the roads in which are managed by the County Council, and also of the Parish Councils in the district. The Standing Joint Committee is composed of equal numbers of members of the County Council and members appointed by the Commissioners of Supply, with the addition of the Sheriff of the County *ex officio*. The Commissioners of Supply were formerly the Administrative Authority in counties, but nearly all their functions were transferred to County Councils. Their only important duty is to appoint members to the Standing Joint Committee. Then there are the Special Committees in the special districts formed for lighting, scavenging, water supply, and sewers. District committees administer the Public Health Acts, and have charge of the roads in the district. The District Lunacy Board is appointed by the County and Town Councils in the district, and in a limited number of cases the Parish Councils act as Lunacy Boards. None of these spending authorities have power to rate or borrow, and their capital expenditure has to be met from money borrowed by County Councils.

By the Local Government Act, 1889, County Councils must cause to be submitted to their meeting in October estimates prepared by the finance committee of the receipts and expenses of the county fund and of the sums required to be raised to meet the deficiency of such fund for the expenditure chargeable therein. These estimates will include all the expenditure necessary for the District and Special Committees as certified to the County Councils. The County Council shall then authorize the expenditure shown in the estimates, and make such provision for meeting the same as they shall approve. The rates for the year are fixed and requisitions made upon other Local Authorities for their proportion of expenses; as, for instance, on a burgh for the cost of policing it when that is done by the county force, as is the case in most of the burghs in Scotland.

In burghs the Town Council is of course the main spending authority, although there are others. Where the Public Libraries Act has been adopted, the Library Committee, consisting of not less than ten nor more than twenty members, is to be chosen, one-half from the Town Council and one-half from among the householders of the burgh, not being members of the Town Council. In the case of the

adoption of the Libraries Act in parishes, the same provision exists as to outside members forming one-half of committee. Then there are Distress Committees in some burghs, which largely consist of co-opted members.

Burghs are under no statutory obligation to prepare estimates, although, of course, in practice it is always done; but they are directed to assess for the sums necessary for the general purposes of the Police Acts. Parish Councils are in a similar position to County Councils, and must submit an estimate to a meeting in July.

School Boards are directed to certify to Parish Councils annually, and not later than the 12th day of June in each year, the amount of the deficiency in the school fund required to be provided by means of a local rate, and the Parish Council assess therefor along with the poor rate.

Borrowing

County Councils are empowered to borrow money from time to time with the consent of the Standing Joint Committees, whose appointment has been referred to, on the security of any rate leviable by the Council, and money borrowed is to be repaid within a period not exceeding thirty years. But under the Children Act and the Small Holdings Act the time may be such number of years not exceeding, for money borrowed under the first-named Act, sixty years, and under the second, fifty years, as the Secretary for Scotland may allow. Loans may be paid off by annual instalments of principal, or by equal instalments of principal and interest combined, or by the operation of a sinking fund applied in accordance with regulations made by the Secretary for Scotland. County Councils are also authorized to borrow temporarily in cases where they may make payments towards expenditure in anticipation of the rates to be levied.

Town Councils are authorized to borrow for any of the purposes of the Police Acts, and may do so without the necessity of obtaining the approval or consent of any other body. Sums borrowed are to be repaid at the rate of 3 per cent per annum. Before borrowing, an estimate of the amount required is submitted to the Town Council, the intention to borrow is advertised, and at a subsequent meeting the resolution to borrow is made.

The Town Council are also empowered to borrow temporarily, but such temporary borrowing must either be paid out of the current assessments when it is for current expenses, or within six months from the expiry of the financial year if it is for other purposes. Town Councils have similar powers of borrowing for public health purposes,

construction of sewers, and provision of water supply.

Under the Roads and Bridges (Scotland) Act, 1878, Amendment Act, 1888, Town Councils are given the same power to borrow money for widening, or otherwise permanently altering or permanently improving streets, roads, or bridges in the burgh, as they are given to borrow for the construction of new streets, roads, or bridges. Loans under the Roads and Bridges Act do not require to be paid off in less than fifty years.

Under the Public Parks Acts, the powers as to borrowing are the same as under the Public Health Acts.

The Burgh Police (Scotland) Act, 1903, enacts that in providing the sinking fund applicable to the repayment of any moneys borrowed by Town Councils under any public general act, the Town Council may do so in the manner provided by such Act, or may yearly or half-yearly, during a period not exceeding thirty years from the date of borrowing, set apart such sums as, with the interest on the accumulations thereof, shall be sufficient to pay off the whole principal and interest of the loan within such period. The rate of interest to be reckoned on the accumulations is to be 3 per cent, or such other percentage as may be fixed by the Secretary for Scotland.

Under the Children Act, Town Councils may borrow necessary sums for such period not exceeding sixty years as the Secretary for Scotland may allow.

Under the Libraries Act, Town Councils may borrow a sum equal to the capital sum represented by one-fourth of the yield of the Library Rate at twenty years' purchase, and repay the same in fifty years.

Where revenue-producing undertakings are carried on by Local Authorities it is necessary, in the case of tramways, to obtain the consent of the Board of Trade to borrowing; in the case of electric lighting, the consent of the Secretary for Scotland; and in the case of the Housing Acts, the Local Government Board. Loans for tramways and electric lighting must be repaid within thirty years, while for housing schemes the term of repayment may be extended to eighty years. Loans for the purpose of buying or supplying gas works are to be paid off in forty years.

Parish Councils may borrow for the purpose of erecting or enlarging poorhouses; but the amount to be borrowed shall not at any time exceed three times the amount of the assessment raised for the relief of the poor during the year immediately preceding that in which the money is raised. The loans must be paid off in thirty years, and no further sums of money shall be borrowed or chargeable

on the poor assessment for the same purposes until the whole of the money so borrowed is paid off. This last stipulation as to no further borrowing is, however, repealed so far as regards parishes or combinations of parishes, with populations exceeding 100,000; but in their case they may not borrow in contravention of the provision without a certificate from the Local Government Board that they have duly provided for the repayment of former loans.

Parish Councils of landward (not burghal) parishes are now possessed of special powers as to providing recreation grounds, allotments, and other matters, and may borrow for these purposes with the consent of the Local Government Board; and if the loan is for land or buildings it is to be repaid in such period not exceeding forty years, and if for any other purpose in such period not exceeding thirty years, as the Local Government Board may fix.

When a School Board requires to incur expense in providing or enlarging a schoolhouse, they, with the consent of the Board of Education, may spread the payment over several years not exceeding fifty, and may for that purpose borrow money on the security of the school fund and the school rate.

Local Authorities have powers under the Local Authorities Loans (Scotland) Act, 1891, to establish a Loans Fund and create and issue stock secured on the revenues of the Authority, and these powers are taken advantage of to some extent by the larger boards, although the greater number of Authorities continue to borrow on mortgage.

As both redeemable stock issued under the Loans Act, and the bonds, mortgages, or debentures granted by any Local Authority secured on any rate or tax levied under the authority of any Act of Parliament are in Scotland trustee investments, there is no difficulty in obtaining money, and interest rates, therefore, are not high.

Accounts

Accounts of Local Authorities must be kept according to prescribed forms, and only those large towns which have been mentioned as being excepted from general legislation, having their own codes, are not required to follow the forms. But even in these towns in some departments, as for instance in the case of the electric lighting and gas undertakings, prescribed forms have to be adhered to.

The forms for County and Town Councils are prescribed by the Secretary for Scotland, those for Parish Councils by the Local Government Board for Scotland, and those for School Boards by the Scotch Education Department.

For County and Town Councils the forms are much on the same lines. So far as they relate to assessment accounts, they are on the Cash Account system, and in the case of the trading undertakings are on the basis of revenue and expenditure.

The Cash Account system is simple, but is incomplete. Accounts thus limited only include that part of the transaction which is represented by cash receipts and payments, and there is the important objection that it is difficult to frame therefrom an intelligible balance sheet. It has been said that the absence of a true balance sheet opens the door to a considerable danger. Giving evidence before the Departmental Committee appointed to enquire into the accounts of Local Authorities in England, many of the witnesses referred to the possibility under this system of deferring payments so as to exclude them from the accounts of the year to which they properly belong, with perhaps the object of reducing, or refraining from increasing, the rate in the succeeding year.

These objections have been strongly felt by many of the Local Authorities, and in some cases they have inserted in the annual accounts an additional statement in which outstanding obligations and credits are taken into account, thus showing the correct result of the year's transactions.

Without such a statement it is impossible to frame intelligent estimates for the year for which rates are to be imposed, and the practice is to prepare estimates upon the footing of revenue and expenditure, having regard to the true debits or credits on the year's working in the various accounts, these being shown in the additional statement referred to.

Among several points which were placed before the Secretary for Scotland after the model accounts for burghs were issued, but before their form was finally fixed, was this one as to whether the Abstract should be framed so as to show Cash Receipts and Payments, or whether it would be preferable to show Revenue and Expenditure. But the Secretary adopted the view that the Cash Account is the most suitable form for the Accounts of a Town Council, save those parts relating to larger revenue-producing undertakings (gas, electricity, tramways). With regard to these, he approved of the Revenue and Expenditure applicable to the year being shown.

Another important matter was also then brought before the Secretary in connection with the statement of Assets to be included in the Accounts. He was asked to lay down a rule as to the Assets which are to be valued for the purpose of the Annual Statement, and the mode of valuation. In some places difficulty was felt as to stating a value

on something upon which money had been spent, but which, although of great value to the burgh, was itself unrealizable—say sewers or roads. The Secretary recognized the difficulty, and that considerable difference of opinion might be possible on the subject, and he stated his opinion that it might be useful, and an appropriate adjunct to the prescribed form of Accounts, to indicate the general lines on which valuations be made. He suggested—

(A) That unrealizable property, such as pavements, sewers, roads, and bridges, should be valued at cost, less an equal annual rate of depreciation sufficient to extinguish the amount in the same time as a loan for the purpose would require to be repaid.

(B) That property specially attached to the burgh, but not absolutely unsaleable, such as waterworks, gasworks, public parks, town hall, slaughterhouse, &c., should be taken at their present values for the purposes for which they are used. This might be based on their cost, less a reasonable deduction for depreciation, except in a case where the subject is not now required, or is only partially required for the purpose for which it was erected or provided.

(C) That property readily saleable should be taken at its market value.

The system suggested, the Secretary thought, would prevent a burgh from representing itself to be possessed of a large surplus of assets which might be illusory, while it would not compel a burgh to enter outstanding debts as liabilities without showing on the other side assets connected with the debts of at least an equal amount.

According to the suggestion A, roads and streets, &c., would only be represented in the statement of the assets by the amount outstanding of the loan which was incurred therefor, and this is not always satisfactory. The original expenditure, it is thought, should be stated, and also the payments for the redemption of debt, and only in the case of an asset passing out of possession or becoming valueless should its original cost on the one hand, and on the other the provision already made for the redemption of debt, disappear from the accounts.

The prescribed form for Burghs divides the Accounts into six parts:

- I. Common Good Accounts.
- II. Assessment Accounts.
- III. Revenue-producing undertakings (not primarily charged as Assessments).
- IV. Miscellaneous Accounts.
- V. Accounts of Charities, &c.
- VI. General Summary.

Part I, dealing with the Common Good, is of course only applicable to Royal Burghs. These burghs, when formed by Royal Charter, were given by grant from the Crown certain lands or revenues in the royalty of the burgh, which is sometimes much greater in extent than the area of the burgh as a municipality. The revenues of the Common Good are applicable to any object which is for the general good of the inhabitants, and form a convenient fund from which to draw the expense of entertaining distinguished visitors to the town or of honouring a benefactor. In many burghs free revenues of the Common Good are carried to assist the assessment accounts.

Part II embraces all the accounts for which assessments are raised, and contains a statement of the Sinking Funds and an Abstract of the Loans, with a summary of the Receipts and Payments and an Account of the Assets and Liabilities. The form of the last-named is as shown on p. 85.

Part III includes the revenue-producing undertakings. These are the Gas, Electricity, and Tramways, minor undertakings authorized by the Burgh Police (Scotland) Act, 1892 (Markets, Slaughter-houses, Baths, &c., and also private improvements), and Working-class Lodging Houses. Each of these separate accounts has a statement of its Assets and Liabilities.

In the case of the three important trading departments—gas, electricity, and tramways—the accounts are made up on the Receipts and Expenditure method, and the form prescribed emphasizes the distinction by placing the revenue for these accounts on the right of the account and the expenditure on the left.

Part IV deals with the miscellaneous accounts, which are the Police Pension Fund and the Public Library Committee Accounts. This latter is for management of the public library, and only consists of revenue income and expenditure, the capital being dealt with under the Library Assessment Account.

Part V embraces the accounts relating to Charities, Foundations, or Mortifications administered by the Town Council; and Part VI is a General Summary of the Accounts.

The form for Counties begins with a General Summary of the Receipts and Expenditure of all the Accounts, with the balances at the beginning of the year and at the end of the year. The Accounts are then taken in the following order:—

I. Police.

County District.

Special Districts.

II. County General.

III. Valuation.

IV. Registration of Voters.

V. Sheriff Court Houses (Erection and Improvement).

VI. Militia Storehouses.

VII. Lunatic Asylums.

VIII. Diseases of Animals.

IX. General Purposes.

X. Roads.

A District.

B District, and so on.

XI. Public Health.

A District.

B District, and so on.

XII. Special Water and Drainage Districts.

In A District.

„ B District, and so on.

XIII. Special Lighting, &c., Districts.

X District.

Y District, and so on.

XIV. Allotment Act.

XV. Technical Education.

XVI. Work under Western Highlands, &c., Act, 1891 (Certain Counties).

XVII. Government Grants.

XVIII. Sinking Funds.

There are four appendices, the first being an Abstract of the Assessments levied for the various rates on owners and on occupiers, and the total; and the second an Abstract of the Loans, stating the rate on which they are charged, the amount, date, period, and purpose of loan, the authority for raising it, the mode of repayment, the amount outstanding at beginning of the year, the amount borrowed during the year, and the amounts paid off during the year, showing the amount outstanding at the end of the year and the operations of the Sinking Funds. The third is the Police Pension Fund Account, and the fourth the prescribed form of Abstract for publication.

Account No. XVIII is only intended to show the sums passing into and out of the Sinking Funds during the year, and the amount actually in the funds at the beginning and end of the year. The particulars in Appendix II, Abstract of Loans, shows how the sinking funds have been applied from the outset.

There is in the form no mention of a statement of Assets and Liabilities, or of a Balance Sheet, and nothing of that kind existed from 1896 when the form was prescribed until 1910. The Secretary for Scotland then communicated to the County Treasurers his view that the Abstracts of County

STATEMENT OF ASSETS AND LIABILITIES

LIABILITIES

ASSETS

	£	s	d	£	s	d
1. Loans Outstanding, as per Abstract of Loans						
2. Accounts Due by Burgh to Sundry Creditors						
3. Sinking Funds:—						
Amounts in the Funds per Account						
Contingent Funds						
Amounts in the Funds per Account						
4. Other Liabilities (except Cash Balances)						
5. Cash Balances:—						
Due to Bank						
Due to Treasurer						
Total Liabilities						
Surplus Assets						
Total Assets						

1. Heritable Property:—

(Details to be given for each department, the basis of the value assigned to each property to be given, e.g. as valued by Burgh Surveyor at close of account, or as may be)

2. Moveable Property:—

(a) Furniture, Fittings, Working Plant, Stores, &c.

(b) Accounts Due by Sundry Debtors, viz.: ...

(c) Other Moveable Assets (except Balances), viz.: ...

(Details to be given as above.)

(d) Balances, viz.:—

Investments held in respect of:

(1) Sinking Funds

(2) Contingent Depreciations or Reserve Funds ...

Due by Bank ...

Due by Treasurer ...

Total Assets

Accounts would be improved by the inclusion therein of a statement in the usual Balance Sheet form of the whole assets, heritable and moveable, of the County Council, and of all outstanding liabilities at the close of the Accounts, and asked that arrangements be made to include such a statement in the Abstract for that year. He made several suggestions as to the form of the proposed Balance Sheet.

Following this circular, the subject of the Balance Sheet was considered and discussed by the Association of County Councils and several county auditors, and in the succeeding year the Secretary for Scotland forwarded to the County Treasurers a form of Balance Sheet which the County Councils were asked should be included in the Abstract of Accounts for that year.

The Balance Sheet as proposed follows in its form the recommendations of the Departmental Committee on the accounts of English Local Authorities. The opinion of the Committee, with which the Secretary for Scotland concurred, was that the application for balance-sheet purposes of any system of periodical valuation to the assets of Local Authorities is open to objection. The proposed Balance Sheet did not include the accounts of the Police Pension Fund and the electricity undertaking, of which latter there are very few county ventures.

Accordingly he desired the Balance Sheet to be made up so that all capital Assets with an abiding or realizable value should be shown on the Balance Sheet from year to year at original cost, and should continue to be so shown until the asset passed out of use. The original cost is offset on the Liabilities side by appropriate entries under "Loans outstanding" and "Debt extinguished" and "Revenue contributions", where these have been made to capital expenditure.

On p. 87 is shown the form of Balance Sheet then prescribed.

In a note it is explained that the entry "Adjusting Balance" on the Liabilities side is necessitated by the bringing in of Revenue Assets on the other side of the Balance Sheet (see head 3) and by the fact that the accounts in the General Summary are kept on Cash lines.

A fairly exhaustive enumeration of the Assets of County Councils of a durable nature is given under the head of Capital Assets. District Asylums are not entered, as, strictly speaking, they are not assets of the Council; but if desired, a note showing the amount of the Council's interest in any hospital, with an estimate of its liability in respect thereof, could be appended. Under the second heading are included Roads and Bridges, Drainage Purification, and certain plant, the cost of all of

which is raised by loan; but they have not the abiding or realizable characteristics of the Assets entered under head 1. Accordingly these should be written down year by year *pari passu* with the reduction of the loans raised to provide for them, and they are shown at the amount of the outstanding balances of these loans. The third heading includes miscellaneous assets of a moveable nature which have been provided otherwise than by means of loans, distinguishing between those in use and those in store. The fourth heading relates to the invested balances of Sinking Funds, and does not include any additional investments which may be held.

The form of accounts prescribed for Parish Councils by the Local Government Board follows much the same plan as the forms for County and Town Councils prescribed by the Secretary for Scotland. It is of course a Cash Account, and there is appended a Statement of Assets and Liabilities in the same form as is applicable to Burgh Accounts.

The Accounts of School Boards are prepared according to a Memorandum of Instructions issued by the Scotch Education Department, which gives detailed instructions of the duties of the Clerk and the Treasurer in connection with the Accounts, specifying the heads of the Accounts in the Ledger and with a specimen Cash Book. An Abstract Book is to be kept, in which shall be recorded the whole items of income and expenditure relating to the annual maintenance of every school in the district of the Board.

Depreciation and Reserve

All the forms provide for the liquidation of the loans in the statutory time, and there is no requirement for depreciations to meet the waste of an asset which might be out of existence long before the loan is repaid, although in general it may be taken that the loan repayments provide sufficiently for depreciation. In Trade Undertakings depreciation is allowed, or, if not, a strong reserve fund is built up. In most cases of such undertakings all the surplus of the year, after carrying the proper amounts to liquidation of loan debt, is placed to Reserve or Renewals Fund, in other words to a Depreciation Account, which, however, is so far available in an emergency, that should extraordinary expenditure be at any time necessary the fund is there for immediate use.

In few cases is the surplus on Trading Accounts carried to the relief of rates. It is the case that the expenses of maintaining a trading undertaking, so far as not met out of the revenue of the undertaking, must be paid by the local rate, which is

statutorily liable, and it is quite proper to repay sums thus carried to the Trading Undertakings from the Rates Accounts. But it is not the spirit of municipal trading that it should be trading for profit. (See Part III, Chapter IV, c.) The true reason for giving monopolies of gas, electricity, and tramways to Local Authorities is that consumers should get the commodity purchased at the lowest cash price. Accordingly all surplus moneys or profits should be used to cheapen the commodity traded in, and upon that view of the matter the policy of most Local Authorities in Scotland is based.

Audit

All the Auditors of the Accounts of Scottish Local Authorities are appointed by the Government Departments.

The School Board Accounts are audited by the accountant of the Scotch Education Department. The Accounts of the Parish Council are audited by an Auditor appointed by the Local Government Board for Scotland. The Auditors of the Accounts of Town and County Councils are appointed by the Secretary for Scotland. These appointments are held by skilled accountants of the highest professional eminence.

Although the Auditors are appointed by different authorities the provisions regulating the audit are the same for both County Councils and Parish Councils, the enactments relating to County Accounts in the Local Government (Scotland) Act, 1889, sections 68 to 70, having been applied, with the substitution of the Parish Officials for County Officials, and the Local Government Board for the Secretary for Scotland in the Local Government Act of 1894, section 36, to the Accounts of Parish Councils. The fees paid are in Counties and Parishes to be approved of by the appointing authority, and failing agreement are to be fixed by the appointing authority in Burghs.

The Accounts of County Councils are to be made up before the 31st day of July in each year, and are to be audited at a time and in a place to be specified in a notice to be issued by the County Clerk fourteen days at least before the date fixed, which notice shall specify the name and address of the Auditor. For seven clear days before the audit an abstract of the Accounts, balanced and signed, together with all the books, are to be deposited in the offices of the Council, and be open between the hours of eleven forenoon and three afternoon to the inspection of all ratepayers within the County, or any Burgh liable to contribute to the County Fund, and these ratepayers are at liberty to take copies of, or extracts of, the

same. The Secretary for Scotland is empowered to make rules for the guidance of County Auditors in the discharge of their duties, and the Auditor may require the production of any books or vouchers he may deem necessary. Any ratepayer may make objection to the Accounts by intimating the grounds of his objection to the Auditor, and by sending a copy of his objection to the officer who may be concerned two clear days before the day fixed for the audit. If it shall appear to the Auditor that any payment is contrary to law and should be disallowed, or that a sum which should have been, is not brought into account, whether these have been objected to by a ratepayer or not, he is to forward an interim report thereon to the Secretary for Scotland. If there is an objector he gets intimation from the Secretary, and in every case the officer gets intimation. The Secretary decides all questions raised by the interim report, and is enjoined by statute to disallow all illegal payments, and surcharge the same on the person or persons making them or authorizing them to be made, and to bring all sums into account which ought so to be brought. If the Secretary, however, is of opinion that the expense so reported on was incurred in such circumstances as to make it fair and equitable, he may abstain from making the disallowance or surcharge. It is the duty of the County Auditor to compel payment of the sums so surcharged if they are not repaid to the County Council within fourteen days.

The County Auditor reports upon the Accounts to the Secretary for Scotland within fourteen days of the audit, or of questions on the interim report being disposed of by the Secretary. The Report on any surcharges made, and the details, are to be printed and published with the Abstract, and to be delivered to any ratepayer who requires it.

The foregoing procedure is, with the necessary changes, that followed in the Audits of the Accounts of Parish Councils.

The procedure regarding Town Council Accounts is different. A yearly account is made up which shows the complete state of the Burgh's affairs, and when the Auditor has been appointed by the Secretary for Scotland the Council delivers to him as soon as possible after the 15th day of May this account, with all the books and vouchers. The Auditor audits the accounts, and either makes a special report thereon if he thinks it expedient to do so, or simply confirms them. He is directed to make a special report in every case where he is of opinion that any statutory or other requirement with respect to the repayment or extinction of debt has not been observed, or any debt is not being duly repaid.

The Account, being audited, is laid before a

meeting of Town Council, to be held not later than September, and the Auditor's Report is read. If approved, the Accounts are signed by the member presiding at the meeting of the Town Council and the Town Clerk. The Account is deposited with the Town Clerk, and any person paying rates, or any elector, may inspect and examine such Account at all reasonable times without any payment. The Account or an abstract thereof, together with the Auditor's Report, must be printed. A copy is sent to the Secretary for Scotland, and any person assessed, or an elector, may demand a copy of the printed Account on payment of a price to be fixed by the Secretary for Scotland, who, in prescribing the form of Accounts, intimated that his approval might be

assumed if the price was not made higher than one penny for four printed foolscap pages.

In general practice it is usual for Local Authorities to print the Abstract of Accounts, and to hand copies to all local bodies or libraries, &c., without payment.

There is no power of surcharge in the case of Burgh Accounts, but any ratepayer or elector who is dissatisfied with the Accounts, or any item therein, may petition the Sheriff, specifying the grounds of objection, and the Sheriff is directed to hear and determine the matter. But it is not competent to object to the Accounts after the lapse of three months from the date of the meeting of the Town Council at which the Audited Accounts are presented.

LOCAL GOVERNMENT FINANCE IN IRELAND

The law and practice as to Municipal Accounts and their audit in Ireland is so similar to that in England that special treatment is unnecessary. The form of Accounts for County Councils and District Councils is prescribed by the Privy Council Order consequent upon the Local Government (Ireland) Act, 1898. The Accounts of other Local Authorities are kept in accordance with the requirements of the Local Government Board. In the case of all—except the corporations of a few towns—the Accounts are audited by the Local Government Board Auditor, appointed under the Local Government Acts of 1871 and 1872.

As regards the practice of rating, it may be mentioned that an official is appointed, known as the Commissioner of Valuation, whose duty it is to value all hereditaments. He transmits lists to the Clerks of Unions, Town and County Councils, &c. The occupier, or any authority, may appeal from his valuation to the County Court, and there is a further appeal on a point of law to the King's Bench Division. In the lists the Commissioner distinguishes railways from land and buildings, so that the rating authority may give the former the one-fourth exemption. On that point the Commissioner's list is final.

CHAPTER XV

THE DUTIES AND LIABILITIES OF AUDITORS

General Principles—Internal Check—Continuous Audit—Surprise Audit—Special Considerations in Various Businesses—Responsibilities of Auditors—Liability for Negligence.

GENERAL PRINCIPLES

The need for checking books of account has existed from the earliest days when men first had commercial dealings with each other, and recorded their transactions in black-and-white. No doubt when the word "audit" first came to be used in connection with accounts, it merely signified that the various items had been called over by one person and had been "heard" and checked by another, that is, auditing simply meant checking. To-day whilst it embraces checking it means much more than that. The growth of commercial enterprise with its attendant complication of financial transactions, and the introduction of the limited liability company into almost every phase of our commercial and industrial civilization, have necessitated not only checking of items, but investigations as to principles, examination of methods, and the preparation of summaries and abstracts of the transactions recorded, so that an intelligible idea of the result of the operations over a given period and of how such results have been achieved may be conveyed to those unconnected with the management and inner working of the particular business concerned.

Professional Audit

In these times of strenuous competition it is almost an impossibility for any individual, or any aggregation of individuals, to engage in commercial enterprise successfully unless proper books of account are not only kept, but kept on right lines. It is here that an expert is required, one who is alive to the pitfalls, and they are many, into which it is possible to fall when dealing with the techni-

cilities which modern business practice demands in relation to accounts.

Scope of Professional Audit

Of course, the extent to which an auditor will check the books and the entries therein, will depend on the arrangement entered into with him at the time of his appointment. With regard to limited companies, he has certain statutory obligations which he cannot safely ignore (see Part III, Chapter IV, and Chapter V of this Part), and the only thing will be for him to ascertain before accepting the appointment that the fee is adequate to the amount of work which he will be compelled to perform. With regard to private firms the matter is different, many such, particularly small manufacturers, do not care to pay a fee commensurate with the amount of work which ought to be done by the auditor if the audit is to be really effective. In such cases, where little more is wanted than a Balance Sheet and Profit and Loss Account in the proper form, which perhaps the employees of the firm are not competent to prepare, the auditor should, for his own protection, make it perfectly clear that he does not hold himself responsible for the accuracy of the books, but only that the Trading Account, Profit and Loss Account, &c., are in accordance with the figures supplied to him or extracted by him (usually in the form of totals) from the books.

Discovery of Errors

Let us examine more closely the precise object

in view when an audit of the books of a business is contemplated, and see what safeguards it is supposed to furnish. In the first place the fallibility of the person or persons keeping the books must be considered. You may invent a perfect system of bookkeeping, but no ingenuity can prevent a wrong figure, or some other error in posting or entering, from creeping in occasionally. The audit is supposed, then, to bring errors to light, both clerical and of principle. It is unnecessary here to give examples of the first description, but with regard to errors of principle we would mention, by way of illustration, the case of a revenue expense improperly treated as an expense on Capital Account, instead of going against the Profit.

Discovery and Prevention of Fraud

There is, however, a function appertaining to an audit still more important than the discovery of errors; it is the detection of fraud. (See also Chapter X of this Part.) The exigencies of nearly every business, be it great or small, make it necessary that money and other valuables shall be accessible to certain of the employees, and it is with regard to the receipt and payment of money especially that irregularities are most likely to occur. The plan upon which every audit should be conceived ought, if possible, to leave nothing to chance in this connection. The production of vouchers should be required for all payments, and, further, it should be ascertained that such payments have been legitimately made for the benefit of the business. Often firms have been defrauded by goods being ordered in the firm's name by an employee for his own use, with instructions to send the account to his employers. The use of an official order book, with which all invoices are checked before the statements are passed for payment, will, to a great extent, obviate the possibility of misdoing of this kind, but in any case, the contingency is one which the auditor must bear in mind. All sums of money which it is apparent ought to have been received should be traced to the cash book, and where the account of a debtor is credited with an item which gives rise to any suspicion in the mind of the auditor that all may not be in order, he should probe the matter to the end. An entry, for example, such as "By contra", without further details or indication as to the account where the corresponding debit may be found, should certainly not pass unchallenged. And here we may cite the case of bad debts. It would be a comparatively easy matter for a dishonest clerk, acting both as cashier and ledger keeper, to misappropriate a payment received in respect of an account which

had been outstanding for some length of time, and write the debt off as bad, or in the case of a debt which had already been written off, to purloin the cash if subsequently received. A method for the treatment of bad debts from the auditing standpoint is given later under "Internal Check" (see p. 94).

Besides cases of fraud involving the direct misappropriation of money, there are those where the books are manipulated for some other purpose, for instance, with the object of making the business appear to be in a more flourishing condition than it really is, or the opposite, in accordance with the scheme or policy of the manipulator. It may be said at once that this kind of fraud will be much more difficult to detect; but one very useful test which should always be applied by the auditor, whether he has reason to suspect irregularities or not, is that of comparing the various totals with those for similar items in the accounts of previous years. A sudden increase or decrease in any one of them should form the subject of the strictest investigation. For example: let us imagine that the manager of a branch of a business, with the idea of increasing his remuneration, which we will suppose is calculated on the basis of a percentage on the profits, makes a fraudulent addition in the books to the value of the goods sold and debits the overplus to the accounts of fictitious debtors, the result will probably be a noticeable increase in the percentage of the profit from this section of the business, in comparison with that of previous years, and also, perhaps, a marked difference when compared with the profit derived from the business as a whole. A variation of such a nature should put the auditor on his guard, and he should not rest satisfied until the discrepancy has been fully justified by the explanations given to him and by his own researches. Where the whole of the transactions, owing to their multiplicity, cannot be verified by the auditor, he should make exhaustive tests, taking care to bring the original orders received and receipts for goods delivered into the purview of his examination. The last description of fraud which we will here discuss is that of the misappropriation of assets other than money, for example, goods or securities. With regard to the former the auditor cannot, of course, be expected to detect petty pilfering of goods, but any considerable shrinkage in the value of the stock at the end of the financial period should be enquired into. Where the business owns securities, he should see that the proceeds of any which purport to have been sold have been included in the bank account or are otherwise satisfactorily accounted for. Inaccuracies in the books resulting from *bona fide* errors will, in nine cases out of ten, mean no actual monetary loss to the business,

moreover, they are usually adjustable when, as will almost certainly be the case, discovery eventually takes place. With fraudulent entries or omissions, however, it is quite another matter; the culprit will probably endeavour to cover up all traces of his defalcations, and if he be astute, the auditor will have his professional acumen tested to the utmost. A dishonest bookkeeper left in undisturbed possession of his books, without fear of the intervention of any responsible person armed with authority to make a thorough investigation of his accounts, will, more than likely, repeat his

offence from time to time, and as proceedings in the Courts have often shown, the misappropriations tend to increase in proportion to the length of time during which the dishonesty continues, that is to say, the amount of the last theft^o will greatly exceed that of the first. It is therefore of paramount importance that fraud in accounts should be discovered at the earliest possible moment, and the value of audit from this point of view, as well as the deterrent effect it must necessarily have on a clerk dishonestly disposed, can scarcely be overrated.

INTERNAL CHECK

We have assumed so far that the audit is conducted by a person unconnected with the business, one engaged from outside to check the books and make an independent investigation into the financial position of the undertaking, in other words a professional auditor. But an audit may be conducted, in whole or in part, by the members of the staff of the business concerned. A usual practice is for an exhaustive check, known as an Internal Check, covering every transaction recorded throughout the year, to be made by the firm's employees, the books being balanced periodically, say once a month or once a quarter, and for a professional auditor to be requisitioned at the end of the financial year, when he will be furnished with a trial balance from which to prepare the Balance Sheet and Profit and Loss Account. He will usually be required also to superintend the making of the closing entries and adjustments, and attend to the entries in the Private Ledger dealing with the allocation of profit, &c.

There is one fundamental principle which should always govern an internal check, it is that no clerk be allowed to take part in the checking of those books for the entries in which he is ordinarily responsible. This is essential from several points of view. For one thing, if a mistake has been made, especially such a one as posting to a wrong account, it is extremely likely that the person who made it will repeat his error, that is, pass it by unnoticed. And this also applies to casting; it must be within the experience of even the most careful that there has occurred, at some time or other, a certain juxtaposition of figures which for some unexplained reason has caused him to repeat a previous error when checking that particular addition. But there is a much more poignant reason why the checking should be conducted in the manner indicated, for if there has been any fraudulent manipulation of the accounts, the cul-

priet is not likely to betray himself, and even where the checking is performed by two persons, of whom one only is implicated, that one, by minimizing the importance of the irregularity, will probably be able to induce his colleague to pass it over, should the latter call attention to it. It may be thought that with a perfect system of bookkeeping, auditing in the sense of checking entries is unnecessary, seeing that the books will not balance if there be undiscovered errors in them. This line of reasoning is, however, fallacious, as everyone with any experience in accounting knows. The possibility of compensating errors must always be reckoned with, as also the eventuality that an incompetent or indolent clerk, finding that the books do not balance, may "make" them balance, even though there be no question of fraudulent intent. Given a clerk susceptible of practising this form of deception, there will be an especial tendency to act in that way, when the amount by which the balance disagrees is insignificant; but it should be remembered that the effect of a large difference one way and a large difference the other may also throw the balance out by no more than a trifle, and that the actual discrepancy in totals is no certain indication of the extent or seriousness of the errors which the books contain. There may be any number of inaccuracies which if not adjusted will result in considerable loss to the business. It would seem almost superfluous to labour this point, but we are writing for the comparatively small business as well as for more important undertakings, and with regard to many of the former it is not always possible, with the limited staff available, to institute so complete a system of internal check as is desirable. The necessity for an exhaustive professional audit in such cases is, therefore, all the more apparent.

We propose now to give a brief outline of the work involved in carrying out an effective check by the staff of an ordinary trading or manufac-

turing concern, and of the precautions which we consider a prudent employer or manager will endeavour to observe with regard thereto.

Purchases

A rule should exist, and be strictly enforced, that a numbered order form, taken from a book with counterfoils (or carbon duplicates), must be used for all goods purchased. Before entry in the Bought Day Book all invoices should be checked with the counterfoil of the Order Book and initialled by a clerk. The stockkeeper or person receiving the goods should also initial the invoices, to show that delivery has been made in accordance with the particulars given, and that the goods are up to sample or specification. The counterfoils, or duplicates, of the order forms should be marked in some manner so that a second invoice cannot be passed for the same goods. The entries in the Day Book should be checked periodically with the invoices, and always before the postings from that book to the ledgers are called over. The items in the Day Book should be ticked for the first check, and crossed ticked when the postings are verified. All goods returned outwards should be accompanied by an advice note, taken from a book with counterfoils (or carbon duplicates), from which the particulars should be obtained for entry in the Returns Outwards Book. Some person, in addition to the stockkeeper, should vouch that the details are correct. The entries and postings should be checked periodically as in the case of the Day Book.

Sales

The orders received should be entered in an Orders Received Book, and the invoices should be compared therewith before dispatch. Where there is a divergence between the original order and the invoice (e.g. where it is only possible to execute a part of the order), an explanation should appear in the Orders Received Book. The invoice forms should be contained in a book with duplicates for use with carbons, the duplicates having additional cash columns wherein the amount of each invoice can be carried out for totalling purposes. Two or even three invoices, attached by perforation, may easily be arranged on one page, but this will, of course, be subject to variation for different businesses. For a simple or small business the method suggested will do away with the necessity for a separate Day Book; but if there are several departments, or an analysis is required showing the totals of the different descriptions of goods sold, this can be effected by

the use of a Columnar Sales Day Book, and the cross addition of the totals of the various columns should agree with the total of the duplicate Invoice Book, thus affording an independent check. The Returns Inwards Book, from which the postings to the credit of the customers' accounts in the Sale Ledger are made, should be entered up from a Returns Book, in which the stockkeeper should record all goods received by him in this manner. Credit notes, which should be passed by someone in authority before being sent out, should be checked with the original invoices, so that the amount to be credited may be agreed, and to see that the goods returned were sold by the firm to the party claiming. All postings in the Sales and Impersonal Ledgers should be periodically checked from the books of original entry.

Receipt and Payment of Cash

Authority to open letters should be confined to certain responsible persons, and this rule should be rigidly enforced. Where the correspondence is too large for the principals to attend to this matter themselves, it should be done under the personal supervision of one or more of them. All remittances should be entered in a rough Cash Book immediately received, and cheques, postal orders, &c., should be crossed with a rubber stamp bearing the firm's name, the name of its bankers, and the words "Not negotiable, A/C payee only". The cheques, &c., should then be handed to the cashier for entry in the Cash Book and payment into the bank. An official receipt should be given for all cash received, and all cancelled receipts should be left attached to their counterfoils. The Bank Pass Book should be checked at frequent regular intervals by some person other than the cashier, and the bank balance reconciled with the balance shown by the Cash Book. Instructions should be given to the bank that the Pass Book is only to be handed out on a written signed order, or to a person known to the bank as having authority to receive it. All money received should be paid into the bank, and no account, however small, should be paid out of current receipts, all payments being made by cheque, with the exception of petty cash items. Petty cash should be kept on the "imprest" system, and the amount in hand should be inspected at frequent intervals and agreed with the balance shown by the Petty Cash Book. The person whose duty it is to draw cheques should never be given the firm's procuration. Cheques should be perforated, or marked in some way with a check punch at the time they are drawn, so as to restrict the scope for alteration in the amount. So far as may be practicable,

all cheques should be made out by the same person, and a clerk with a legible but distinctive handwriting should be chosen for this purpose.

Every account should be passed for payment by one of the principals or by the manager, who should place his initials on the statement. A rubber stamp bearing the words "Passed for payment" should be used, and the person having charge of the cheque books should be instructed never to permit a cheque to be drawn unless the relative statement or invoice is so stamped and initialled. In the case of limited companies the passing of large accounts, and of any expenditure not connected with the ordinary business of the undertaking, should always be sanctioned by the Board and be referred to in the Minutes. An acknowledgment should be obtained for every account paid, and should be filed with the statements and invoices. At the time a remittance is dispatched with the statement to which it relates, it is a good plan to place the relative invoices on a separate file to await the return of the receipted statement (or statement and separate receipt), which should then be attached to the appropriate invoices and the documents filed on the general voucher file for the use of the professional auditor later. By periodically going through the temporary file a check is maintained on the due acknowledgment of all cheques, and in any case where delay occurs a reminder should be sent to the firm concerned without allowing many days to elapse. Some firms, for the sake of uniformity, send out a printed form of receipt with each remittance, but there is a considerable safeguard against fraud in having the distinctive receipts of each party to whom money is paid.

A definite rule should be made as to the maximum credit which customers are to be allowed (both in respect of time and amount), and where there is a variation for different customers a note should be made accordingly on each account in the ledger. No further concessions should be allowed in any case without special permission from one of the principals.

Overdue accounts should be listed and submitted to the principals at regular intervals, so that it may be decided what action shall be taken with a view to recovery. The amount of any debts which are known to be bad should be entered in a special book, with the names and last-known addresses of the debtors. Each item should be initialled by one of the principals before being written off in the ledger as bad. The professional auditor should ask for the production of some such

authority before passing to the debit of the Profit and Loss Account any items on account of bad debts. And in this connection attention should be given to see that excessive credit is not given to any customer by means of a large number of unmatured bills. This may be easily overlooked since, on receipt of a Bill Receivable, the customer's account will be credited at once and the balance owing apparently reduced accordingly.

Wages

Great care is required in the preparation of a scheme of internal check in connection with wages, since this is an item which lends itself particularly to fraudulent practices. The systems in force should be such that no irregularity can take place without collusion on the part of several persons. Piece-work should be given out by means of a system of tickets, and where materials have to be drawn from the storeroom these tickets can be utilized, so far as the stores are concerned, as a check on both workman and storekeeper, the latter, on a ticket being presented to him, will give out what is necessary for the job, mark the ticket so that it cannot be used again for the purpose of obtaining a duplicate quantity of materials, and return it to the workman. When the job is finished the ticket should be initialled by the foreman and returned to the office for entry in the man's wages book. The weekly totals of these wages books should be entered in the Wages Summary Book, wherein should also be entered, each week, from the Time Sheets a summary of the wages payable to time workers. A cheque should be drawn for the total amount of wages payable and the money obtained from the bank. The cashing of the cheque should never be entrusted to one employee alone. Every workman should be required to attend personally to receive his wages, except, of course, in special cases, such as illness. The distribution, where not performed by one of the principals or the manager, should be made by some responsible member of the counting-house staff, one who has not been concerned with the preparation of the time sheets nor the entering up of any wages or summary books. Foremen should not on any account be allowed to pay the men.

We would add just one remark in connection with this matter of internal check: the duties of every clerk should be clearly defined, and no clerk should be allowed, without special instructions, to make entries in any books other than those allotted to him.

CONTINUOUS AUDIT

Where the auditor and his staff are occupied throughout the year in checking the books, the audit is said to be a continuous one, in contradistinction to a periodical audit, where such checking is deferred until the close of the financial period, when the Balance Sheet and Profit and Loss Account are prepared. A continuous audit is usually undertaken when the amount of work involved is too great to allow of its being left to be done all at one time. A good part of the checking covered by an efficient internal check will probably be repeated in the course of the continuous audit, and it is, as a rule, only in the case of very large and important undertakings, and those more or less of a public nature, that this description of professional audit is resorted to. The advantage to be derived from it is that at the end of the financial period the audit can be completed sooner and the accounts be ready for presentation earlier than would otherwise be the case (a matter of considerable importance in the case of a public company), also that errors or fraud are likely to be discovered more quickly. In addition, the fact that auditing is continually in progress will tend to add to the efficiency of the clerical staff of the undertaking by preventing the work from falling in arrears. There are, however, several disadvantages associated with this form of audit. In the first place, as the whole of the audit is not carried out *after*

the final figures have been obtained, a loophole is left for the alteration of entries in the books after the auditor has passed them. It is recommended, therefore, that a special tick should be used when checking any item which has been altered; the auditor will then know that the alteration of an amount against which his *ordinary* tick appears has been made without his knowledge, and strict investigation should follow. It will be as well from time to time to vary secret marks of this kind, lest they become known to some dishonest person and their purpose be frustrated. Another disadvantage of the continuous audit is that of what may be termed the "loose end". Owing to the audit not being carried on uninterruptedly to a finish, there is a likelihood that the person in charge of the audit may fail to see that some matter, which he has ascertained requires adjustment, is put right. He should be careful, therefore, to take a note of all points of this kind and examine the transactions anew before the audit is completed. The continuous audit should be arranged, as far as possible, so that the checking at any one time may take place only up to that point where the books are completed, and by keeping a private record of totals, &c., the risks mentioned will be greatly diminished. Under no circumstances should pencil entries be passed by the auditor.

SURPRISE AUDIT

As against the Periodical Audit and the Continuous Audit, it may be deemed advisable under some circumstances to institute a Surprise Audit, but this is very much a matter of policy. It may be done with a view to keeping the members of the staff up to their work, which result will probably accrue as a consequence of their being unaware from day to day when their books will be subjected to an investigation. But the desirability of an audit of this kind will usually arise only when it is conceived that irregularities are taking place. There is an important factor to be considered, however, in connection with this matter. Distrust often breeds dishonesty; and further, the weakening of the good relationship between em-

ployer and employee which is likely to ensue as a concomitant of unjustified suspicion is not a condition which should be lightly evoked. No matter how skilful the check put upon subordinates may be, the employer has to a great extent to rely upon the moral sense of right and wrong which the persons in his employ possess, and that sense may be modified considerably in certain individuals if they feel that confidence in their integrity no longer exists. Surprise audits, if resorted to, should therefore be conducted with due regard to the susceptibilities of the staff, that is, of course, if the employer places any value on the good relationship to which we have alluded.

SPECIAL CONSIDERATIONS IN VARIOUS BUSINESSES

* This subject is one with regard to which it is quite impossible to deal adequately in the space at our disposal, we can, therefore, only mention one or two examples which are likely to be of interest.

Contractors and Builders, Engineers, &c.

Separate accounts should be kept for each contract, and all direct charges, as well as a proportion of the general administration expenses or establishment charges, should be debited to each account. The chief auditing difficulty in this class of business is that a contract may extend over two or more financial periods of the business, and in such a case it is almost essential that some proportion of the ultimate profit should be incorporated in the Profit and Loss Account before the work is completed. Estimated profits are usually dangerous, and the auditor must ascertain upon what basis such profit has been calculated. He must be particularly careful to see that proper allowance has been made for depreciation of the plant being used for that particular contract, since much of it, especially in the case of builders, will probably be of very little value when the job is finished. Again, it is possible that unforeseen expenses may have to be borne by the contractors before the work is passed by the authorities, and contingent charges of the kind must not be overlooked. A liberal reserve should be allowed, therefore, from the total expected profit when estimating the proportion which has accrued.

Hotels

The Visitors' Ledger, which will be on the columnar system, should be carefully examined and checked into the Summary, and from there to the Cash Book and Impersonal Ledger. The Petty Cash Book should show any disbursements made on account of visitors, and a number of these items should be tested to see that they have been charged in the Visitors' Ledger. Stock accounts should be kept of wines, spirits, cigars, &c., and a careful check be in operation to ensure that all goods leaving the stockrooms are subsequently accounted for. The question of depreciation requires to be very thoroughly gone into by the auditor, and also the treatment of renewals. That part of the equipment which is more especially liable to deterioration should be revalued each year, rather than treated on a capitalized basis subject to an annual deduction from the value in respect of depreciation.

Solicitors, Estate Agents, &c.

The auditor who is dealing with the accounts of any business or profession which involves the care of the money of others, should always advise a system of bookkeeping which will prevent clients' money from unwittingly being used otherwise than in respect of disbursements on behalf of, or payments to the client concerned. That is to say, the working capital of the principal should not be pooled with the money held by him as trustee. The best possible check on this is for two banking accounts to be kept, a business account and a clients' account. A method sometimes adopted is to have separate columns in the Cash Book headed *Office Cash—Clients' Cash*. The auditor should pay particular attention to this matter, and if the books are kept on a system which does not provide for the distinction we have mentioned, he should be careful to ascertain that the bank balance is sufficient to cover the total amount due to clients as shown by their accounts in the Ledger. Should there be a deficiency, he will not be doing his duty unless he brings the matter to the serious notice of the principal. The auditor should see that a proper system is in force in connection with disbursements on behalf of clients, so that all may be charged to the parties concerned. Credit should not be taken in the Profit and Loss Account for fees, commissions, &c., which have not actually been earned at the date of the Balance Sheet; indeed, with some professions it is extremely unadvisable to include such items until the amounts have actually been received. In the case of solicitors who have trust funds to administer, the auditor should see that for each trust proper distinction is made between capital and revenue. This is a very important matter so far as the solicitor is concerned, since he may be held liable for any sum paid to the beneficiaries out of capital, if the terms of the trust provide for the payment of the income from the estate only.

Co-operative Societies

The rules of the Society must be carefully studied, and the auditor should not pass any transaction which constitutes a breach thereof. The method of calculating dividends on purchases should be gone into, and where the rules provide for a difference in the rate as between members and non-members, the auditor should test to see that this has been observed. Where the Managing Committee have power to vary the rate of such dividend, the

auditor should see that the basis of payments is in accordance with the Minutes. The working capital of societies of this description consists, to a great extent, of money deposited by the members, and the auditor must test to see that interest has been correctly credited and withdrawals properly authorized.

The auditor should be particularly careful in his examination of the securities, title deeds, mortgages, &c., belonging to the Society, and should require all the documents to be produced to him at the same time. There have been so many unfortunate occurrences in connection with building and kindred societies, and the accounts are frequently so imperfectly kept, that this class of audit should be all the more thorough in consequence.

Companies' Statutory Provisions

There are a multitude of provisions in the statutes with regard to auditors and their work, the most important being in connection with public companies. These will be found chiefly in the Companies (Consolidation) Act, 1908, and the Companies Clauses Consolidation Act, 1845, the last-mentioned forming the basis on which most of the special Acts incorporating public utility companies are framed. The law of companies is treated elsewhere in this work, and it will be sufficient here to make just one or two observations in connection with the provisions relating to auditors. (See Part III, Chapter IV, and Chapter V of this Part.)

In the case of a company registered under the Act of 1908, if no auditor has been appointed for any year by the shareholders at the general meeting of the company (or in the case of a new company by the directors), any shareholder can procure the appointment of an auditor by application to the Board of Trade. The auditor of a company cannot under any circumstances be one of its directors or officers, and no person other than a retiring auditor may be appointed to the office, unless due notice of the intention to nominate such person is given in the manner prescribed by the Act. The auditor has the right of access to the books, vouchers, &c., at all times, and is entitled to such information from the directors and officers of the company as may be necessary for the due performance of his duties. He is required by the Act to make a report to shareholders on the accounts

examined by him, and on every balance sheet laid before the company in general meeting; this matter, however, is more fully dealt with elsewhere. Any shareholder is entitled to a copy of the Balance Sheet and Auditor's Report at a charge of 6d. per 100 words. Railway companies are subject to a number of special Acts of Parliament, and amongst the provisions which these contain are many affecting auditors. The Regulation of Railways Act, 1868, requires that the accounts shall be kept in a certain prescribed form, and provides that the Board of Trade may appoint an auditor in addition to the auditors appointed by the company. (See also Part V, Chapter III.)

Building Societies Act, 1894

It is laid down by section 3 of this Act that one at least of the auditors of every society registered under the Building Society Acts must be a person who publicly carries on the business of an accountant (see Part III, Chapter V). Section 2 of the same Act provides *inter alia* that an annual account and statement in a prescribed form must be made by such society, and a copy sent to the Registrar; further, that every auditor in attesting an account shall either certify that it is correct, duly vouched, and in accordance with law, or specially report to the society in what respect he finds it incorrect. He must also certify that he has, at that audit, actually inspected the mortgage deeds and other securities belonging to the society, and must state the number of properties with respect to which deeds have been produced to and inspected by him.

Friendly Societies Act, 1896

Every society registered under this Act is required once at least in every year to submit an account for audit, either to a public auditor (which under the Act the Treasury have power to appoint) or to two or more persons appointed under the rules of the society. If in any respect the auditors find that the account is incorrect, unvouched, or not in accordance with law (that is, in the prescribed form and giving the required particulars), they must not certify the account but make a special report to the society, and a copy must be sent to the Registrar with the account. (See also Part III, Chapter V.)

RESPONSIBILITIES OF AUDITORS

General Considerations

It is an auditor's duty to ascertain, to the very best of his ability and with the exercise of all reasonable care, the true financial position existing in relation to the matter forming the subject of his audit. It is not sufficient for him merely to examine the books of account, he must take measures to satisfy himself that the books faithfully reflect the true position; that is to say, he must see that the transactions there recorded are in accordance with the facts so far as it is possible for him to substantiate them from other sources. For example, to accept the balance as shown by the Cash Book as evidence that the amount of money represented was properly available (i.e. in the bank or office cash box) would stamp the auditor as one absolutely incompetent for the task entrusted to him.

The auditor is engaged as an expert, and he accepts office as such; the measure of his ability is the average of those engaged in his profession, if he falls short of that he may render himself liable for any loss sustained by others as a direct consequence of his incompetence, and likewise with regard to negligence. The auditor who is worth his salt should be able to detect the weak points in any system of accounts with which he is dealing, and should at all times use his best endeavours to remedy them by suggesting alterations of method, and point out where he considers an error in principle is being committed. With regard to an ordinary private firm, if the accounts are kept badly the persons within whose power it is to have them kept otherwise will usually be the chief sufferers should ill result. With a limited company it is different; the persons responsible for the management, namely, the directors, are more in the position of trustees. If the accounts are kept inadequately or fraudulently it will probably be the shareholders who will lose, and the principle here on which the auditor must act is not as a servant of the management (as is the case more or less when acting for a private firm), but he stands between the directors and the members of the company, and to a great extent is responsible that the true results of the stewardship of the directors are revealed.

Prospectuses and Promoters' Valuations

The auditor is concerned professionally with prospectuses in two ways: (1) as auditor of the com-

pany; (2) as one giving a certificate with regard to the profits of some business, or as to the value of assets, which it is proposed the company shall acquire. With regard to (1) there is little here to be said. The names and addresses of the auditors, if such have been appointed by the directors, must appear on the prospectus so as to comply with the Act; but provided they do not act in such a manner as to render themselves liable as promoters of the company, the fact that their names appear on the prospectus will not of itself render them responsible for any statements therein. With reference to (2), a certificate of the nature mentioned will only be given after a thorough investigation of the matter to which it relates. The certificates most commonly required are those dealing with profits. If the auditor has been acting in that capacity to the business which the company proposes to absorb, he will, of course, have no difficulty in giving the certificate; but promoters usually prefer to obtain a certificate from an independent source, and the auditor appointed for this purpose should obtain written instructions as to the period to be covered by his investigation and its scope. He will require to analyse very carefully the Balance Sheets and Profit and Loss Accounts, compare one year with another, and ascertain the reason for any marked fluctuation in the various items. We cannot here discuss the scheme upon which an investigation of this kind should be conducted, but it will probably be necessary for the auditor to make a very thorough examination of the books and vouchers to see that the profits shown by the accounts submitted to him have actually been earned. The profit shown should be carefully traced, and if it be apparent that such profit has been withdrawn from the business from time to time as it accrued, there will be good ground for believing that it has been really earned. On the other hand, if the profit is represented by an increase in the value of the assets, the manner in which the increased value has been arrived at is a matter which should engage the auditor's most serious attention.

Reports to Shareholders

As we have already mentioned, the auditors of a company are required by the statute to make a report to the shareholders on the accounts examined by them, and of every Balance Sheet laid before the company in general meeting. (See further Part III, Chapter IV.) Their report must state whether or not they have obtained all the information and explanations they have required; and

whether, in their opinion, the Balance Sheet referred to in the report is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs, according to the best of their information and the explanations given to them, and as shown by the books of the company. The auditor is the servant of the shareholders. If, in the course of the audit, he has found everything satisfactory from the accounting point of view, if the financial position disclosed by the Balance Sheet which he has been asked to certify is really the true position as he conceives it, then he will be able to append his report in the terms required by the Act without any misgivings. But how often is it the case that a Balance Sheet is published in the exact form in which it was originally presented to the auditors? Apart altogether from fraud, it is natural that the directors should desire to make as good a showing as possible for their company. The auditor who is in conflict with the wishes of the directors is not in an enviable position, but his duty is first to the shareholders, and secondly to the public, for a false impression created by a Balance Sheet which exaggerates the prosperity of a company or minimizes its failures, may easily result in outsiders acquiring shares at prices which have no justification in fact. The auditor must, therefore, either insist on the accounts being brought into agreement with his views, or, in the case of refusal on the part of the directors, modify his report accordingly. A dilemma, with which both auditors and directors may be faced, is where disclosure of the true position will almost inevitably react greatly to the disadvantage of the company. For example, there is the question of loss of credit. Owing perhaps to some temporary derangement a company finds itself in low water; given a little time to pull round, it may be practically a certainty that all will come right, but the withdrawal of credit at the crucial moment will indubitably spell disaster for shareholders and creditors alike. What should the auditors do if under such circumstances the directors desire, let us suppose, to eliminate the question of depreciation from the accounts of the year? There is, of course, only one answer. The auditor must do his duty no matter what the consequences may be; apart from the question of ethics, it would not be worth his while to do otherwise. If the directors maintain their position, the auditor must state in his report that no provision has been made for depreciation, and that the assets concerned appear, therefore, in the Balance Sheet at a figure which, in the opinion of the auditor, is in excess of their true value. The value of the assets and the question of depreciation are matters with regard to which auditors and directors are most commonly

in disagreement, and this is particularly the case in connection with investments. Where the Balance Sheet shows that the securities have been valued at cost, and this in the aggregate is above the market value, the auditor should state in his report that the investments at the date of the Balance Sheet show a depreciation of so much, according to the current market prices ruling on that day. Where the auditor is compelled to rely entirely on others for the valuation of an asset, as is usually the case with Stock in Trade, he should put the fact on record in his report. For example: "The stock has been taken and certified, and the work in progress valued by officers of the company".

The auditor must not make vague remarks in his report, it is not sufficient for him merely to put the shareholders on enquiry. If he knows that something is wrong he must say so right out, and in such a manner that any ordinarily intelligent person can at once understand what is amiss. By way of example: Suppose amongst the assets of a company there were certain shares in another company in respect of which an uncalled liability of £5000 existed, and suppose, further, that it was impossible to get a price for these shares, it being common knowledge that the company was in a bad way, and that the uncalled capital would probably all be swallowed up by the creditors; suppose that these shares were included amongst the assets on the Balance Sheet, at a nominal valuation it is true, but without any reference being made to the uncalled liability. The facts being known to the auditor—and he should have found them out—the following reference to the matter in his report would be quite inadequate: "The investments have been valued at market price, and include certain shares which are not yet fully paid". Such a statement would, under the circumstances, be most misleading, and the auditor would probably be held responsible should certain eventualities ensue. The auditors' report has either to be attached to the Balance Sheet or a reference made to it at the foot of that document.

Statutory Report

Under section 65 of the Companies (Consolidation) Act, 1908, the auditors are required to certify that part of the statutory report which relates to the shares allotted by the company, the cash received in respect of such shares, and the receipts and payments of the company on capital account. These items must be set out under distinctive headings, and, according to the Act, must include the receipts of the company from shares and debentures and other sources and the payments

made thereout. In view of the fact that the Act seems to contemplate an abstract of receipts and payments on capital account only, it is not quite clear what is intended by "receipts from other sources". In most cases, however, the statutory report will embrace a *full* list of the receipts and payments. The following is the usual wording for the auditors' certificate to a statutory report:—

"We, the undersigned, being the auditors of the company, hereby certify that so much of this report as relates to shares allotted, the cash received in respect of such shares, and the receipts and payments of the company on capital account, is correct".

Verification of Assets

When the auditor certifies a Balance Sheet he does more than certify the correctness of the figures which it contains. He certifies that, to the best of his knowledge and belief, the state of things disclosed thereby does in fact exist in relation to the business to which the Balance Sheet purports to belong. He is not checking an examination paper in accounting, but dealing with figures which represent real things, and his responsibilities do not end when he has seen that the preparation of the Balance Sheet accords with scientific principles, and agrees with the entries in the books. He has to make sure that no liabilities have been omitted from the one side of the Balance Sheet, and no assets from the other, but he has also to see that the assets have been correctly valued. To do this he must either value them himself or rely on the valuation of another. But he is only entitled to rely on the valuation of another when, owing to the nature of the asset or the technical knowledge required, it is impossible for him to form a just estimate of its value. In accepting the valuation of another person the auditor should take several things into consideration. He should ascertain that such person is in a position to make the valuation, more or less, as an expert, and that he has no particular interest in either inflating or underestimating the value of the asset valued. The auditor should also make sure that others rely on the valuation. We are, of course, speaking of persons connected with the business and not of independent professional valuers. In nearly every business it would be quite impossible for the auditor to go over all the stock, see that it was correctly valued, and that the correct quantities had been entered in the stock sheets. The most he can reasonably be expected to do is to enquire by whom the stock has been taken, by whom valued, how valued (it should be at market price or cost, whichever is the

lower), and when valued. (See also p. 103). The stock should never be taken by the person normally having charge of it. Where the stocktaking lasts over several days the auditor should ascertain that proper precautions have been taken to prevent any goods being included in respect of which the invoices have not been incorporated in the books. And the same principle must be observed with regard to goods sold and debited to the account of the buyer, but which, for some reason, have not been forwarded. This requires particular attention in businesses selling commodities from bulk. The auditor should test some of the calculations in the stock sheets, the casts, and some of the items with the original invoices. Unusual items, and any instances where a large increase in the value occurs, should be enquired into. Take, by way of illustration, the stock of a pianoforte manufacturing company. One of the most costly materials which this class of manufacturer has to purchase is veneer. Supposing the normal stock of this article is valued at £10,000, and in the particular year under review it has suddenly jumped up to as much again. The auditor should certainly ask for an explanation, and carefully check the invoices relating to the purchases on this account. He should ascertain what the consumption of the article, compared with the turnover, has usually been in the past. And although he will not be able to verify personally that the stock actually in the possession of the business is correct, he will at least know that a larger amount than current requirements has been purchased, and that the increase has not been brought about simply by writing up the value. It is not uncommon for variations of this description to take place in stock; firms often purchase materials in excess of current requirements in order to take advantage of a favourable market, or to provide against an expected shortage and consequent rise in price. Manufactured goods and partly manufactured goods should be valued at the cost price of materials, plus the cost of labour, and perhaps a small percentage of the standing establishment charges may be added, but under no circumstances should the value be estimated in excess of the wholesale price at which similar goods can be purchased elsewhere. Where cost accounts are kept, and this should never be omitted, the auditor should make use of such to test some of the prices. As a further protection he should obtain a certificate in the Stock Summary Book signed by some responsible official of the undertaking, stating on what basis the stock has been valued, and if the auditor is in any doubt as to the accuracy of the valuation he should, as already mentioned, refer to the matter in his report.

Bank Balance

The Pass Book is, of course, evidence as to this, but to avoid any possibility of being deceived by an alteration, the auditor should ask that a certificate be obtained from the bank certifying the balance as at the last day of the period covered by the accounts. The cash purporting to be in the hands of the cashier should be actually produced to the auditor; the petty cash balance should be dealt with similarly. Where several persons have the care of money the auditor should require the balances to be produced to him all at one time, to avoid the possibility of any manipulation.

Assets which are in the hands of agents abroad, or in the possession of others where it is not possible for personal verification, should be vouched for by certificates from the persons holding such assets, and it should be clearly shown that the property referred to is being held for the sole benefit of the firm or company, and is not subject to any lien or other charge.

Plant and Fixtures

The value of these will depend on their value in the previous Balance Sheet, and the auditor will require to see that any addition to capital, made during the year in respect to these items, has been legitimately charged of capital as distinct from mere renewals chargeable against revenue. The auditor must satisfy himself that due allowance for depreciation has been made.

Freehold Property, Leaseholds, &c.

The auditor should inspect the deeds appertaining to the various properties, and see that they actually refer to those mentioned in the books. The value of leaseholds will be subject to depreciation; that of freeholds will usually remain at the purchase price. In the case of mortgaged property the title deeds will be in the hands of the mortgagee, and the auditor should require a certificate from him, giving the description of the property for which he holds deeds and the amount of the charge to which it is subject.

• Investments

The auditor should ask for a complete list of the securities belonging to the company or firm, and should require all the documents of title to be produced to him at one time; where some are held by the bankers as security for an overdraft or for safe custody, he should require a certificate

from the bank giving sufficient details for their identification.

Registered Securities

These may either be in favour of the company or in the names of nominees. (Most companies refuse to register shares in the name of a private firm.) Where nominees hold the shares it is a common practice for the share certificates to be accompanied by signed blank transfers. We cannot here discuss the validity or otherwise of a transfer in blank (see Part IV, Chapter VII), but it certainly affords some protection to the holder, and the certificates of the shares held in the manner indicated should either be accompanied by a trust deed or some other document signed by the nominees showing that the shares are held on behalf of the company or firm, free from all encumbrances. The auditor should see that the income from the registered shares or stock is duly received by the company or firm. Where the certificate for registered shares is not yet ready for delivery the auditor should have produced to him, in the case of new shares, the allotment letter with the payments marked thereon, and in the case of shares acquired by transfer, the transfer receipt.

Bearer Bonds

The auditor cannot be expected to know in every case whether or not a bond is genuine, but he will, as a result of his experience, probably be familiar with a good many. The surest test, however, as to the validity of a bearer bond is the payment of the coupons as they fall due. The auditor should therefore ascertain that the income from the last coupon payable has been duly received, and he should also see that the coupon next falling due is attached to the bonds. In the case of non-dividend-paying companies the difficulty is greater, but the auditor must inspect the bonds to the best of his ability, and no more can reasonably be expected of him. Where registered shares are in the process of being converted into share warrants, companies often issue tickets without details as to the number of shares represented. The auditor should in such cases ask that a letter be obtained from the company giving the number of the ticket and particulars of the shares to which it relates.

Inscribed Stocks

No documents of title are issued in respect of this class of security, but a form of certificate can usually be obtained, which, if filled up and for-

warded to the bank where the inscription takes place, will, on payment of a small fee, be returned to the applicant duly certified to the effect that the stocks mentioned therein were at the date of the certificate inscribed in the books in the name of the party indicated. As these certificates do not have to be surrendered when the stock is transferred, they cannot be taken on some subsequent occasion as evidence that the person named is still registered as the proprietor of such stock. It is therefore necessary that a certificate be obtained on the occasion of each audit.

Bills Receivable

The total of the Bills outstanding as shown by the Balance Sheet should be vouched by inspection of the Bills themselves, or where some have been passed on for collection (not discounted), by a certificate from the bank. Adequate reserve should be made in respect of unmatured Bills which have been discounted, as well as for those in hand.

Passing Dividends

The auditor's concern is to certify the amount of profit after due allowances have been made for depreciation, reserve for bad debts, contingent liabilities, &c.; he is not responsible, however, for the declaration of dividends. That is a matter which primarily rests with the directors, but the

shareholders too may be held liable to refund any dividend received by them which they know to have been improperly declared.

When the auditor knows that it is the purpose of the directors to declare a dividend for which there are no funds legally available he should, of course, protest; but so long as he has taken care that the financial position of the company has been fully and accurately revealed to the shareholders, his responsibility with regard to this matter is at an end.

Where there is more than one class of shares and differential rights with regard to dividends, the auditor should see that such rights are properly respected, and a dividend improperly paid to one class to the detriment of another should be reported to the shareholders.

Where the articles provide for the payment of interim dividends, the directors would be acting very imprudently in not consulting the auditors before declaring such a dividend. The auditor should suggest that a proper Balance Sheet and Profit and Loss Account be prepared for the period covered by the proposed dividend, which should be at a lower rate than the expected dividend for the whole year. Once a dividend has been declared it is a debt due from the company, and every shareholder has the right to enforce payment of it as such. Dividends which have been declared, therefore, but not paid at the date of the Balance Sheet, must appear therein as a liability.

LIABILITY FOR NEGLIGENCE

The statutory duties of auditors are almost entirely found in the Companies Acts and Acts relating to other societies. As regards the general statutory duties of auditors enough has been said in this Chapter and in other Parts of this book. The audit of the accounts of Local Government Authorities is dealt with separately in Chapter XIV of this Part. It remains to notice what has been said in certain recent cases which have come before the Courts, in which the alleged failure of duty by auditors has been made the ground for claims on the part of shareholders or others who have suffered a loss through the winding up of a company or other undertaking, or the loss of money invested in other directions.

The legal duties of auditors may be ascertained from the Company statutes; outside them only a general guidance can be obtained from what has been said in the Courts. The advice given in this Chapter has been with the aim of keeping an auditor well up to his duties from the professional standpoint, and if this advice is acted upon he will run little

risk. In the case of negligence or alleged negligence, however, it may not be so easy to indicate what his position may be—that must still depend largely upon the facts of the particular case and the view taken of them by the particular tribunal. New questions are constantly being raised and new aspects of the auditors' liability come into prominence in a progressive business community. On these matters the professional institutions afford guidance to practitioners, and the admirable addresses delivered from time to time by presidents and officers of these institutions serve to provide special information and direction to members. As to these institutions, see Part I, Chapter XIII.

It will be readily appreciated that most cases in which the Courts have given any decision bearing upon the duties of auditors have been in connection with some commercial failure where resort has been had to the auditors to recover a loss on the ground that it was made possible through their negligence. Even when all goes well the auditor's path may not be an easy one. But when losses arise in con-

nection with an undertaking which those primarily responsible cannot meet, it is often sought to show that the auditors should have prevented them.

In the case of *The London and General Bank, No. 2* (1895), the liquidator claimed against the directors and auditor to have made good by them certain dividends which had been paid out of capital and not out of income.

In that case the auditor had reported confidentially to the directors as to the insufficiency of assets, but to the shareholders he had only reported that the value of the assets was dependent on realization. Here was an obvious shortcoming, and the auditor was held liable to make good the dividends paid.

Lord Justice Lindley there said: "It is no part of an auditor's duty to give advice, either to directors or shareholders, as to what they ought to do. An auditor has nothing to do with the prudence or imprudence of making loans with or without security. It is nothing to him whether the business of a company is being conducted prudently or imprudently, profitably or unprofitably. It is nothing to him whether dividends are properly or improperly declared, provided he discharges his own duty to the shareholders. His business is to ascertain and state the true financial position of the company at the time of the audit, and his duty is confined to that; but . . . he does not discharge his duty by [examining the books] without enquiry and without taking any trouble to see that the books themselves show the company's true position. He must take reasonable care to ascertain that they do so. Unless he does this his audit would be worse than an idle farce . . . An auditor, however, is not bound to do more than exercise reasonable care and skill in making enquiries and investigations. He is not an insurer; he does not guarantee that the books do correctly show the position of the company's affairs; he does not even guarantee that his Balance Sheet is accurate according to the books of the company. . . . Where suspicion is aroused more care is obviously necessary; but still, an auditor is not bound to exercise more than reasonable care and skill, even in a case of suspicion, and he is perfectly justified in acting on the opinion of an expert where special knowledge is required."

This decision confirmed the judgment of Mr. Justice Stirling in an earlier case, *Leeds Estate v. Shepherd* (1887), where the auditor's duties were similarly defined, and where his negligence was held to make him liable for damages under similar circumstances.

Another case, now more frequently referred to, is *In re Kingston Cotton Mill Company, No. 2* (1896). There it was attempted to make the

auditors liable, as in the case of *The London and General Bank*, the question turning on the valuation of stock, and Mr. Justice Vaughan Williams held them liable. The Court of Appeal reversed that decision, holding that auditors were not called upon to take stock, and were justified in relying upon the certificates of a manager of acknowledged competence and reputation in the absence of anything to raise suspicion.

Lord Justice Lindley relied upon his definition of an auditor's duties given in the *London and General Bank* case, and protested against the notion that an auditor is bound to be suspicious as distinguished from being reasonably careful.

Lord Justice Lopes said: "It is the duty of an auditor to bring to bear upon the work he has to perform that skill, care, and caution which a reasonably competent, careful, and cautious auditor would use. What is reasonable skill, care, and caution must depend on the particular circumstances of each case. An auditor is not bound to be a detective, or, as was said, to approach his work with suspicion or with a foregone conclusion that there is something wrong. He is a watchdog, but not a bloodhound. He is justified in believing tried servants of the company in whom confidence is placed by the company. He is entitled to assume that they are honest, and to rely upon their representations, provided he takes reasonable care. If there is anything calculated to excite suspicion he should probe it to the bottom; but in the absence of anything of that kind he is only bound to be reasonably cautious and careful. . . . It is not the duty of an auditor to take stock; he is not a stock expert; there are many matters in respect of which he must rely on the honesty and accuracy of others. He does not guarantee the discovery of all fraud. . . . The duties of auditors must not be rendered too onerous. Their work is responsible and laborious, and the remuneration moderate. . . . Auditors must not be made liable for not tracking out ingenious and carefully laid schemes of fraud when there is nothing to arouse suspicion, and when those frauds are perpetrated by tried servants of the company and are undetected for years by the directors. So to hold would make the position of an auditor intolerable."

It may be mentioned that in the above cases the procedure adopted was against the auditors as officers of the company under what is known as a "misfeasance summons". This procedure is now governed by section 215 of the Companies (Consolidation) Act, 1908. Under this section the Court may on the application of the official receiver or liquidator, or any creditor or contributory, on the winding-up of a company, examine into the conduct of an auditor, as well as other

responsible parties, and compel him to repay or restore money or property with interest, or to make compensation, in respect of any misapplication, retainer, misfeasance, or breach of trust of which he may have been guilty.

In other cases the action may be an ordinary one for the negligent carrying out of a duty which a person has undertaken. (See also Part III, Chapter XXII.)

In *Mead v. Ball, Baker, & Co.* (1911) a claim was made against accountants for damages due to alleged negligence in the investigation of the accounts of a business in which the plaintiff proposed to invest and did afterwards invest money. He failed to prove negligence, the question again turning on the Stock Valuation.

The Master of the Rolls said that although it

was not the duty of accountants to take stock they might well call for explanations of particular items.

It will be seen that the trend of these decisions is all in accordance with the general opinion expressed by the idea that it is general alertness in the discharge of duty and a rigid fulfilment of all statutory requirements which will save an auditor from personal liability. An auditor who carries out his duties in accordance with the advice given in this Chapter will have nothing to fear.

Criminal Liability

Auditors may be criminally liable for falsification of accounts, as has been seen elsewhere (Chapter IX of this Part).

APPENDICES

- I. THE CENSUS OF PRODUCTION.
- II. THE CUSTOMS TARIFF OF THE UNITED KINGDOM.
- III. TABLE A.—REGULATIONS FOR MANAGEMENT OF A COMPANY LIMITED BY SHARES.
- IV. THE WORKING MACHINERY OF THE NATIONAL INSURANCE ACT.
- V. REGULATIONS FOR PREVENTING COLLISIONS AT SEA, AND RULES AS TO SIGNALS OF DISTRESS.
- VI. RULES FOR LIFE-SAVING APPLIANCES.

I. THE CENSUS OF PRODUCTION

INTRODUCTORY

The returns of the first Census of Production, taken during the year 1908, and to all intents and purposes for the year 1907, form an entirely new element of at present quite inestimable value in trade statistics.

Any figures which have previously been put forward as to the volume of home industry have necessarily been largely based on conjecture. Even now it is well to bear in mind the warning of the Census authorities, that some of the deductions made from the official returns must be taken with a certain amount of caution, owing to the allowances which have had to be made in arriving at the final conclusions.

The Final Report on the First Census of Production of the United Kingdom (1907), with Tables (Cd. 6320), made under the Census of Production Act, 1906, fully justified the expectations formed of that measure, and has belied all the misgivings. (See Part I, Chapter IX.) The questions which were required by the Act to be answered have been dealt with by traders apparently without

much or general difficulty, and a large amount of additional information has been voluntarily rendered. There is of course no disclosure of any names or any private or individual sources of information. This necessary precaution restricts the published details of certain information. The machinery is naturally complicated, and had to be set in motion for the first time. It is generally agreed that the officials who had to control it are entitled to the greatest praise for the result of their efforts. For the Second Census (i.e. for the year 1912), which was in a forward state at the time of the issue of the figures for the first, it may be apprehended that the machinery will work more easily, and the results of a second inquiry be more readily obtainable and even more valuable.

Nothing can, however, detract from the unique value attaching to this first attempt to estimate the extent of our home industry, which can now for the first time be fairly contrasted with our foreign trade.

SUMMARY OF RESULTS

Summarizing the results obtained, the value of the *gross output* (i.e. the selling value, or value of the work done) for the United Kingdom was £1,765,000,000: England and Wales, £1,490,000,000; Scotland, £208,000,000; Ireland, £67,000,000.

From this the value of the materials used, at cost, £1,028,000,000 in all, and the amount paid to other firms for work given out, £25,000,000, were deducted, making £712,000,000, the value of the *net output* for the United Kingdom.

The average number of *persons employed*, excluding outworkers (about 100,000), was in the

United Kingdom, 6,984,976; average value of the *net output* per each person, £102. The *horse-power of engines* at factories, mines, &c., was 10,755,009, of which about one-quarter was required for driving dynamos for the production of electricity for power and lighting purposes.

About 7,000,000 is the average number of persons employed (including outworkers) by firms making returns. It is said on the one hand that many small employers return themselves as wage-earners, and on the other, that returns are not furnished for probably about a million or a million

and a quarter persons whose employment should come within the scope of the inquiry. Their output, say £50,000,000, should therefore be added to the net figure of £712,000,000.

With regard to *agriculture and fisheries*, the Census of Production Office did not itself extend its operations to these. Voluntary inquiries were, however, conducted by the Boards of Agriculture for Great Britain and the Department for Ireland, and the respective fishery authorities, over a period of twelve months, not quite the same, with the following results:—

For Great Britain the agricultural output was valued at £150,800,000; about 1,840,000 persons were found to be employed, permanently or temporarily. For Ireland the figures were £45,574,000 and 984,000.

The value of *fresh fish and shell fish* landed in the United Kingdom for the Census year was about £11,718,000, the number of persons regularly or occasionally employed being about 107,000.

In the General Report all the information respecting the various industries, including agriculture and fisheries, is collected, and an estimate made of the value of the whole, free from the duplication which affects the aggregate figures of gross output, owing to the fact that the products of some firms are the materials of others. It is, of course, in calculations such as this that no more than approximate accuracy can be expected. The value of *the output of the United Kingdom*, taken at the point where the agricultural, mining, manufacturing, or other processes are completed and distribution for final consumption or export begins, is put at £1,433,000,000 to £1,448,000,000, or deducting exported goods, there remain for consumption in the United Kingdom goods of the value of from £1,003,000,000 to £1,038,000,000.

The imports into the United Kingdom in 1907 (after deducting re-exports) included goods which appear to have passed into consumption without further manufacture, valued at the port of landing at £232,000,000 (including duties). The expenses and profits of distribution and transport before these goods reach the consumer is roughly estimated at £428,000,000 to £563,000,000; with the result that the value of *all goods consumed in the United Kingdom* (including goods converted into fixed forms such as buildings or machinery) is put between £1,663,000,000 and £1,833,000,000.

The goods thus represented were not all available for immediate personal consumption; provision had to be made for maintenance of plant and other forms of capital. This figure is roughly estimated at £170,000,000 to £180,000,000, including from £75,000,000 to £85,000,000 for the maintenance of the mining, manufacturing, and building capital of the country. That capital is estimated for 1907 to have been £1,500,000,000.

With the *total income of the country* made up of the value of goods consumed and saved must, however, be included services rendered for payment by other classes. The total income is estimated at £2,000,000,000, of which £320,000,000 to £350,000,000 serves to provide for additions to stocks of durable goods, for personal enjoyment, and for new capital investments at home and abroad.

The value created by the industries for which the Census is taken (*viz.* £712,000,000) is therefore found to be about one-third of the available income, of the country. But while such deductions as these must be taken with qualifications, "the main conclusions [of the Report] are believed to lie within a range from which gross inaccuracy is excluded".

SCOPE OF THE INVESTIGATION

The Final Report itself consists of a General Report by the Director of the Census, Mr. A. W. Flux, of which some brief examination must be made. There are also detailed reports and tables of the various industries. Each of these detailed reports is prefaced by a general report dealing with the common aspects of the sectional trades. The sections are as follows:—

Mines and Quarries.

Iron and Steel, Engineering and Shipbuilding Trades (including railway-carriage works, railway construction, ordnance, &c.).

Metal Trades, other than Iron and Steel.

Textile Trades.

Clothing Trades.

Food, Drink, and Tobacco Trades.

Chemical and Allied Trades (including soap, paint, explosives, match and firelighter trades).

Paper, Printing, and Allied Trades (including books and newspapers, typefoundry, stationery, &c.).

Leather, Canvas, and India-rubber Trades.

Timber Trades (including furniture, carriages, brush and basket trades).

Clay, Stone, Building, and Contracting Trades (including public works).

Miscellaneous Trades (scientific instruments, ivory, bone, fancy articles, &c., musical instruments, sports and games, &c.).

Public Utility Services (i.e. gas and water undertakings, the undertakings of public authorities, canal, dock, harbour authorities, tramways and light railways, and H.M. Post Office, telephones, &c.).

THE INFORMATION OBTAINED

Elsewhere it has been seen what is the general object of the Census of Production, the industries to which it is applied, and the conditions under which information is collected (Part I, Chapter IX).

Certain conditions of employment were excluded from the Census. These consisted of persons working on their own account; members of a family engaged in a joint occupation; repairing occupations generally; givers-out of work; and certain other occupations which were not of a "productive" character.

In the General Report the methods under which the inquiries were made and the information adjusted so as to avoid duplication are explained; also the classification of persons employed, days worked, and the engines and electricity used in the various industries.

Questions were also asked as to information which might be voluntarily rendered relating to the value of the output of 1906 (the year before the Census year), for purposes of comparison; semi-manufactured products; quantity and further details of output; machinery and plant; fuel consumed.

In ascertaining the net output, the cost of materials *at works* was deducted from the value of the output *at works*, so as to allow for merchants' charges and carriage as well as original cost.

Persons Employed

According to a calculation based on an adjustment of the Population Census for 1901, so far as that can be made to serve, it is estimated that there were engaged in the industries to which the Census of Production applies, during 1907—

Employers	260,000
Working for employers	8,390,000
Working on their own account	600,000
Total	<u>9,250,000</u>

But it is explained that this is probably in excess of the actual number, one reason being that it is believed that the number of persons engaged in commerce, transport, and distribution has increased more than the total number of persons engaged in manufacturing and extractive industries.

The Returns of the Census of Production (relating to those actually at work on four specified days) showed the numbers (other than those engaged in agriculture and fisheries) as—

Salaried persons	491,847
Wage-earners	6,493,129
Outworkers	102,147
Total	<u>7,087,123</u>

The maximum number of persons employed in connection with the scheduled industries was about 7,219,000.

For various reasons given, the "Production" figures are not directly comparable with the "Population" figures, but it is thought reasonable to estimate that if complete returns had been given as to those engaged in 1907 in the particular industries, the figure would have been about $8\frac{1}{2}$ to $8\frac{3}{4}$ millions.

These figures are also compared as far as is practicable with those obtained by the Home Office under the Factory and other industrial Acts.

The table on p. 110 shows a classification of the number of persons employed according to the Census of Production.

Taking all the trades, 93.0 per cent were wage earners, and 7.0 per cent principals or salaried persons. Of the wage earners, 74.4 per cent were males, and 25.6 per cent females. Of the salaried persons only 14.2 per cent were females.

In *agriculture* during the same period 2,824,000 persons engaged, and in *fishing* about 107,000 in the United Kingdom. Added to the figure previously given, this makes a total of persons employed of 11 to $11\frac{1}{2}$ millions.

Net Output per Head of Persons Employed

It is remarked that a large output per head is usually associated with high average wages, and is therefore more generally found in men's than in women's trades.

In the textile factories it was £73 per head (62 per cent being women); while in iron and steel and the allied industries, where less than 3 per cent of women are employed, the average was £109 per head. Other representative figures are—lace, £98 (average annual earnings of all employees, £54, 10s.); iron and steel smelting, rolling, and founding, £115; papermaking, £111; while a large net output per head is naturally found in the industries of patented or proprietary articles or other specially reputed industries, e.g. spirit compounding, £354; paint and varnish making, £198; chemicals and drugs, £183; tobacco preparing, £155.

APPENDIX

Group of Trades.	Average Number of Persons Employed										Outworkers.	
	Wage-earners.				Salaried Persons.							
	Males.		Females.		Males.		Females.		Males	Females.		
	Under 18 years of age.	Over 18 years of age.	Under 18 years of age.	Over 18 years of age.	Under 18 years of age.	Over 18 years of age.	Under 18 years of age.	Over 18 years of age.				
Mining and Quarrying*	63,616	877,152	811	5,299	725	17,115	5	207	—	—	2,029	
Iron and Steel, Engineering, and Shipbuilding Trades	157,508	1,200,346	21,322	53,313	11,378	87,817	1,531	6,200	1,650	2,793	425	
Metal Trades, other than Iron and Steel	12,610	66,988	6,137	15,952	844	8,869	775	2,298	2,793	1,157	12,991	
Textile Trades	103,009	383,116	176,356	547,996	3,740	35,011	697	2,819	1,157	20,804	53,773	
Clothing Trades	30,756	163,946	111,992	374,611	3,647	37,087	3,685	30,742	—	—	—	
Food, Drink, and Tobacco Trades	31,117	236,781	31,979	97,737	3,767	52,589	919	5,809	—	—	—	
Chemical and Allied Trades	7,176	82,101	5,463	15,067	1,638	11,432	229	1,436	1	116	1,606	
Paper, Printing, Stationery, and Allied Trades	34,252	146,792	33,681	72,524	3,596	28,985	1,133	4,539	9	932	2,428	
Leather, Canvas, and Indiarubber Trades	6,419	49,065	4,802	15,440	699	7,455	165	739	184	—	—	
Timber Trades	32,227	161,164	5,315	16,058	1,654	21,078	247	1,452	—	—	—	
Clay, Stone, Building, and Contracting Trades	60,286	577,323	9,446	27,524	3,113	44,492	513	2,543	—	—	—	
Miscellaneous Trades	6,513	21,481	4,248	7,890	309	3,473	158	802	304	567	—	
Public Utility Services	6,415	306,069	19	1,297	1,206	27,137	19	329	—	—	—	
Factory Owners—Power only	8	798	—	—	—	—	—	—	—	—	—	
Total	554,212	4,276,635	411,574	1,250,708	36,316	385,540	10,076	59,915	27,280	74,867		

* In this group persons employed were classified as under or over 18 years of age, except in the case of briquette works, slate-oil works, and salt mines and works.

The authorities observe that this average net output per head gives a somewhat fictitious representation of the condition of a trade. Few industries are so simple in structure that the same conditions apply with little variations throughout. And false averages may be shown owing to the days selected, especially as to seasonal trades.

The average net output per head of persons employed is therefore only a rough measure by which to compare different trades, and should only be used for this purpose with great caution.

The Power Equipment of Industry

Manufacturers were required to state (a) the capacity of the engines owned by them, (b) the capacity of dynamos driven by such engines, (c) the amount of electricity so generated, and (d) the amount of electricity purchased. Where power was rented the returns were obtained from the landlord, and it was impossible to distribute the power so rented between the different trades, but the majority of the factories renting power were engaged in the textile trades.

All engines were included, whether in actual use or "stand-bys", and the capacity of either the horse-power which the engines were built to produce or the indicated horse-power at full load was stated.

The total *horse-power* owned by firms and authorities with a gross output valued at £1,574,441,000, or by factory owners, &c., who let out power, was 10,578,475 horse-power. This does not include

road rollers, locomotives, &c., of 167,192 horse-power used by public authorities, or the power (mainly wind or water) used by small firms with a gross output valued at £2,269,000, of which the capacity could not be stated. Factories with a gross output valued at £3,302,000 owned engines of 9342 horse-power and rented the remainder, and factories with a gross output valued at £27,736,000 rented all their power.

The gross output of establishments using no mechanical power was valued at £157,618,000.

From all sources 10,755,009 horse-power was returned.

The total amount of *electricity* purchased was returned at 444,473,600 B.T. units, about 125,000,000 being used by railway and tramway companies.

The quantity produced by electricity-supply undertakings was returned as 1,412,101,000 B.T. units.

The total *capacity of dynamos* owned by firms making returns was 1,747,672 kilowatts.

Dynamos with a capacity of 1,551,122 kilowatts were used to produce 2,388,660,000 units of electricity.

In *agriculture* the number of engines or motors used on farms in Great Britain in 1908 for ordinary machinery or implements was 34,450 of 213,525 horse-power.

In Ireland there were 554 such engines and 22,524 threshing mills, capacity not stated.

Tables are given in the Report summarizing the chief groups of trades in respect of engine-equipment, electricity purchased, dynamos owned, and electricity generated.

PRODUCTION IN ENGLAND AND WALES, SCOTLAND, AND IRELAND

Dividing the returns in essential particulars for the three divisions of the United Kingdom, the following table is given:—

—	Gross Output. Selling Value or Value of Work Done.	Materials Used. Cost	Work Given Out. Amount Paid to Other Firms	Net Output. Excess of Column (1) over Columns (2) and (3).	Number of Persons Employed (excluding Out- workers)	Net Output per head of Persons Employed (excluding Outworkers).	Engines Owned. Total Horse- Power.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	£	£	£	£		£	H.P.
England and Wales	1,490,749,000	868,319,000	19,436,000	602,994,000	5,808,269	104	9,097,869
Scotland	207,840,000	116,937,000	4,539,000	86,364,000	885,403	98	1,397,733
Ireland	66,777,000	43,090,000	910,000	22,777,000	291,304	78	259,407
United Kingdom	1,765,366,000	1,028,346,000	24,885,000	712,135,000	6,984,976	102	10,755,009

Outworkers were returned as 89,965 in England and Wales, 2792 in Scotland, and 9389 in Ireland, but there are many outworkers not on any firm's books.

It is impossible, owing to the necessity for observing secrecy in regard to any individual trade, in all cases to give the separate returns of each country, or the particulars of returns of certain groups of industries. But subject to these reservations, the following table is most instructive:—

GROSS OUTPUT (UNITED KINGDOM), AND NUMBER OF PERSONS EMPLOYED
(NOT INCLUDING AGRICULTURE AND FISHERIES)

Group of Trades.	Gross Output. Selling Value or Value of Work Done.			Average Number of Persons Employed (excluding Outworkers).		
	England and Wales	Scotland.	Ireland.	England and Wales.	Scotland.	Ireland.
	£	£	£			
Mines and Quarries	125,151,000	22,617,000	258,000	829,371	132,096	3,763
Iron and Steel, Engineering, and Ship-building Trades	307,809,000	61,573,000	5,814,000	1,270,913	230,691	37,811
Metal Trades, other than Iron and Steel	91,493,000	1,790,000	182,000	108,138	5,555	780
Textiles (except "Other Cotton Manufactures")	279,565,000	29,154,000	15,836,000	984,813	141,184	92,355
"Other Cotton Manufactures"		9,006,000*			34,692*	
Clothing Trades	94,056,000	8,737,000	5,190,000	638,159	75,899	42,408
Food and Drink Trades	205,177,000	31,064,000	27,335,000	319,502	70,968	35,583
Tobacco Trade		23,870,000*			37,648*	
Chemical and Allied Trades (except Explosives and Ammunition)	63,303,000	6,591,000	1,191,000	103,238	9,274	2,586
Explosives and Ammunition		3,947,000*			12,744*	
Paper, Printing, Stationery, and Allied Trades	50,845,000	8,771,000	1,692,000	268,476	44,440	12,559
Leather and Canvas Trades	22,849,000	2,945,000	226,000	53,473	6,208	1,004
Indiarubber Trade		8,908,000*			24,039*	
Timber Trades (except "House Furnishings not of Wood")	31,418,000	7,590,000	1,279,000	180,848	34,480	7,706
"House Furnishings not of Wood"		6,103,000*			16,161*	
Clay, Stone, Building, and Contracting Trades	101,443,000	12,831,000	2,418,000	626,138	80,557	18,545
Miscellaneous Trades	7,615,000	599,000	74,000	42,584	3,940	350
Public Utility Services	67,538,000	6,609,000	2,904,000	280,673	29,395	32,423
Factory Owners—Power only	—	—	—	806	—	—
Total	1,490,749,000	207,840,000	66,777,000	5,808,269	885,403	291,304

* In the case of these trades separate particulars for the several divisions of the United Kingdom are not given, in order to avoid the possible disclosure of information relating to certain firms. In the total figures for all trades for England and Wales, for Scotland, and for Ireland separately a distribution of these amounts and numbers has been included.

To this net output must be added (as before stated) about £50,000,000 for the 1,000,000 persons not returned. In regard to *agriculture and fisheries* the estimates are as follows:—

AGRICULTURE

	Produce	Persons Employed.
England and Wales	£127,650,000	1,128,000 (excluding occupiers).
Scotland	23,150,000	212,000
Ireland	45,574,000	984,000 (including farmers).
United Kingdom	£196,374,000	2,324,000

FISHERIES

	Fish Landed.	Persons Employed	
		Regularly.	Occasionally.
England and Wales	£8,156,000	36,210	7,464
Scotland	3,221,000	28,951	10,366
Ireland	341,000	8,027	16,405
United Kingdom	£11,718,000	73,188	34,235

GROSS OUTPUT OF THE UNITED KINGDOM

Taken as a whole the following table shows the returns for the chief groups of industries, detailed | particulars of which appear in the body of the Report:—

OUTPUT AS A WHOLE

Group of Trades.	Gross Output. Selling Value or Value of Work Done.	Materials Used. Cost.	Work Given Out. Amount Paid to Other Firms.	Net Output. Excess of Column (1) over Columns (2) and (3).	Average Number of Persons Employed (excluding Out- workers).	Horse- Power of Engines at Mines, Factories, &c.
	(1)	(2)	(3)	(4)	(5)	(6)
	£	£	£	£		H.P.
Mines and Quarries	148,026,000	28,495,000	—	119,531,000	965,230	2,495,134
Iron and Steel, Engineering, and Ship- building Trades	375,196,000	212,224,000	9,890,000	153,082,000	1,539,415	2,437,481
Metal Trades, other than Iron and Steel	93,465,000	81,341,000	231,000	11,893,000	114,473	83,974
Textile Trades	333,561,000	235,038,000	4,189,000	94,334,000	1,253,044	1,987,765
Clothing Trades	107,983,000	58,185,000	2,125,000	47,673,000	756,466	84,806
Food, Drink, and Tobacco Trades ...	287,446,000	197,734,000	198,000	89,514,000	463,701	380,171
Chemical and Allied Trades	75,032,000	53,466,000	9,000	21,557,000	127,842	214,770
Paper, Printing, Stationery, and Al- lied Trades	61,308,000	26,611,000	1,047,000	33,650,000	325,475	237,573
Leather, Canvas, and Indiarubber Trades	34,928,000	26,229,000	81,000	8,618,000	84,724	54,891
Timber Trades	46,390,000	24,780,000	166,000	21,444,000	239,195	173,813
Clay, Stone, Building, and Contract- ing Trades	116,692,000	49,679,000	6,557,000	60,456,000	725,240	433,279
Miscellaneous Trades	8,288,000	3,778,000	67,000	4,443,000	46,874	9,417
Public Utility Services	77,051,000	30,786,000	325,000	45,940,000	342,491	2,059,737
Factory Owners—Power only	—	—	—	—	806	102,198
Total	1,765,366,000	1,028,346,000	24,885,000	712,135,000	6,984,976	10,755,009

It has been explained that the aggregate of £1,765,366,000 does not include agriculture and fisheries, and that it necessarily involves a good deal of duplication.

It has also been briefly mentioned what steps were taken by the Census office to find the figures of the net output, £712,135,000.

A few figures may be extracted here as to the cost of materials used. The value of the products of the primary food industries is about £184,000,000. The value of materials used in the other industries (of United Kingdom origin (£18,500,000) and imported) is put at £329,200,000.

The value at works of the final products of the industries within the scope of the Census is estimated to be between £1,241,000,000 and £1,256,000,000 (exclusive of duties), which figure includes the selling or contract value, and value of work done on materials supplied to merchants and others. The net output realized was nearly £747,000,000.

The net result of the special inquiry into agriculture and fisheries has already been given (in the aggregate, £189,700,000) (p. 108).

It appears not unreasonable to estimate the total agricultural and garden output of the United Kingdom at about £210,000,000 (including food and fodder products, flowers, seeds, and plants, £195,700,000). Horses and animals not for food, £3,400,000; hides and skins, £6,000,000; wool, £3,600,000; timber, £900,000; and flax, £400,000. The fish output is similarly put at nearly £12,000,000.

These figures give a total return:—

	£ Millions.
Output of Industry	1,234 to 1,249
" " Agriculture	About 210
" " Fisheries	" 12
Or a total of £1,456,000 to £1,471,000.	

Allowances must, however, be made for materials of other trades used in agriculture and fish curing which have already been included in the total, i.e. £70,900,000. Deducting this, the output for the year is estimated as between £1,385,000 and £1,400,000, the value of goods being taken before their handling by merchants through whose hands they pass.

OUTPUT COMPARED WITH EXPORTS AND IMPORTS

The following table compares the value of the ports and net imports (i.e. imports less re-exports) of the United Kingdom with that of ex-

	Output.				Net Imports. Value at Port of Landing.
	Value at Place of Destination.	Sold for Direct Use or Consumption.	Sold as Materials for other Groups.	Exports. Value f.o.b.	
	£ Millions.	£ Millions.	£ Millions.	£ Millions.	£ Millions.
1. Agriculture	210.0	16.6	40.0	4.4	208.1
2. Fishery	11.7	9.0	2.0	.7	.8
3. Mines and Quarries	128.6	39.0	47.6	42.0	64.0*
4. Manufactures, Buildings, and Public Works	1,165.9	707.5	41.6	416.8†	324.6
Total ..	1,516.2	921.1	131.2	463.9	597.5

* Including net imports of refined gold and of silver bullion used in industry.

† Including exports of gold and silver bullion refined in the United Kingdom, and exports (on balance) of British gold and silver coin, less net imports of foreign and colonial silver coin (valued as bullion).

Allowing for duplicate returns, the total value of the output is left at £1,385,000,000 (but to this may be added £15,000,000, cost of transport and merchandising, if comparison is made with export value, free on board). The following table shows the analysis of the values of home production and net imports according to the various food, animal, raw material, and other classes:—

ANALYSIS OF VALUES (OUTPUT—IMPORTS)

	Produced in the United Kingdom				Net Imports (Imports less Re-exports).		
	For Direct Consumption or Use	Used as Materials.	Exported	Total	For Direct Consumption or Use.	Used as Materials.	Total.
	£ Millions.	£ Millions.	£ Millions.	£ Millions.	£ Millions.	£ Millions.	£ Millions.
1. Food, Drink, and Tobacco; Fodder; Seeds, Plants, and Flowers:—							
(a) Natural Products	172.7	32.6	2.1	207.4	107.4*	62.7	170.1*
(b) Manufactured Goods	190.3	3.4	20.1	213.8	61.5	13.1	74.6
Total ..	363.0	36.0	22.2	421.2	168.9	75.8	244.7
2. Animals not for Food ..	1.9	—	1.5	3.4	.3	—	.3
3. Raw Materials:—							
(a) Coal ..	38.8	35.6	40.2	114.6	—	—	—
(b) Other Mine and Quarry Products ..	.2	13.0	1.8	15.0	1.1	62.9	64.0†
(c) Other Raw Materials ..	—	18.5	1.5	20.0	—	128.1*	128.1*
Total	39.0	67.1	43.5	149.6	1.1	191.0	192.1
4. Semi-manufactured Goods ..	—	‡	220.7	220.7	—	110.1	110.1
5. Goods in their Final Stage, Buildings, and Public Works ..	517.2	41.6‡	176.0§	734.8	49.7	.6||	50.3
General Total	921.1	144.7	463.9	1,529.7	220.0	377.5	597.5

* £267,000, the estimated value of the hides on cattle imported for slaughter, has been transferred from the value of animals to the value of other raw materials.

† Including net imports of unrefined gold bullion and of silver bullion for use in industry.

‡ The value of the semi-manufactured goods made and used for further manufacture in the United Kingdom cannot be stated; only part of those goods was sold at the semi-manufactured stage.

§ Including exports of gold and silver bullion refined in the United Kingdom and exports (on balance) of British gold and silver coin, less the net imports of foreign and colonial silver coin (valued as bullion).

|| I.e., manures sold to agriculture, and explosives and other materials sold to mines and quarries.

The value of exports, produce and manufactures, is shown to be about 33 per cent of the value of the total output.

The imports are about 43 per cent of the value of such output. But about 57 per cent of the ex-

ports and 63 per cent of the retained imports consist of classes of goods (including coal) which, whether raw or partly manufactured, are materials for use in manufacturing and building industries, etc.

COMPARISON OF GOODS OF ONE CLASS

	Percentage of United Kingdom Output.	
	Exports (1907).	Net Imports (1907).
1. Food, Drink, Fodder, Seeds, Plants, Flowers, and Tobacco (Natural and Manufactured Products, omitting duplicated items)	6 per cent.	63 per cent.
2. Raw Materials of Industry	29 "	128 "
3. Finished Products of Industry	24 "	7 "

Allowing for the difference between factory values and export values, the value of goods consumed in the United Kingdom is estimated at £1,223,000,000 to £1,258,000,000, plus value at factory or port.

The cost of distribution is covered by the charges made to the consumer.

Cost to Ultimate Purchasers

The cost to their ultimate purchasers of consumption goods made and retained in the United Kingdom may thus be roundly estimated as between £900,000,000 and £1,000,000,000.

We thus get the following statement:—

Value at works:	£ Millions.
Export Goods	430 to 410
Goods made and consumed in the United Kingdom	1,003 to 1,038
	<hr/> 1,433 to 1,448
Value added in transport and distribu- tion:	
To Export Goods	34 to 54
To Goods made and consumed in the United Kingdom	315 to 415
	<hr/> 1,782 to 1,917

Taking all the above elements into account, it

may be estimated that the value of the output of the United Kingdom in 1907 when finally sold for consumption or export lay between £1,782,000,000 and £1,917,000,000, and that the value of goods of United Kingdom manufacture sold for consumption in the United Kingdom lay between £1,318,000,000 and £1,453,000,000.

There still remain imported goods not for further manufacture but for consumption, valued at port of landing at £220,000,000. From this sum must be deducted about three million pounds sterling in respect of imported grain and manures directly consumed in agriculture and duplicated in the value of agricultural products. On the other hand, there must be added a sum of £15,200,000 for customs duties on imported goods, not already taken into account, together with the merchants' profits on that expenditure. On the same basis as above the value to the final purchaser of the imports now under consideration may be estimated to lie between £345,000,000 and £380,000,000.●

The total cost to consumers of the goods consumed in the United Kingdom in 1907 (including as "consumed" goods converted into fixed forms such as buildings or machinery, whether used in making good the effects of wear and tear or in enlarging the supply of buildings and machinery) thus appears to lie between £1,663,000,000 and £1,833,000,000.

PRODUCTION, CONSUMPTION, AND INCOME OF UNITED KINGDOM

It is explained why the net output must not be considered as representing a disposable income immediately divisible amongst the parties concerned. There must be provided from it the cost of maintenance of the plant, &c., used in its creation.

A brief discussion is undertaken as to the proportion of the net output required for the upkeep of capital, and the extent of annual additions made to capital in the United Kingdom. It is, however, to be borne in mind that a larger measure of

estimate enters into these calculations, which only partly depend upon returns made to the Census office.

The total of the capital directly employed in industries covered by the Census of Production is computed as between £1,400,000,000 and £1,600,000,000. The maintenance of the whole capital of the United Kingdom in 1907 is roughly estimated as requiring a sum of from £170,000,000 to £180,000,000. £170,000,000 to £190,000,000

remains available for new capital investments, subject to some additions in respect of unestimated increase of stocks.

There are also additions to investments outside the United Kingdom, probably £100,000,000 in the given year.

The following general summary estimate is given:—

	£ Millions.
Goods used for personal consumption ...	1,248 to 1,408
Goods applicable to capital purposes:—	
1. Maintenance of existing capital	170 to 180
2. Investments at home ...	170 to 190
Goods used to maintain or increase stocks of consumable goods about	65
Goods exported, including such as afforded means of payment for new investment abroad	464

The last item of £464,000,000 consists of two parts, the one constituting a means of payment for imported goods, which are included so far as they are consumed at home in the earlier items in the list; the other constituting the means of furnishing the funds for creating new capital, or acquiring ownership of additional amounts of existing capital, abroad.

There must be taken into consideration in the consumption of these material goods classes other than those engaged in production, distribution,

and transport; and a classification of these other numerous remunerated services is given in the Report.

Total Income of the United Kingdom

In the result the total income of the United Kingdom is roughly estimated as under:—

	£ Millions.
Goods consumed or exchanged for services by classes engaged in production and distribution	1,248 to 1,408
Goods consumed or exchanged for services by classes engaged in supplying services	350 to 400
Additions by all classes to savings and investments	320 to 350
Total	1,918 to 2,158

Or bearing certain elements of doubt in mind, the figure may be put as between £1,900,000,000 and £2,150,000,000. This figure is compared with others, the results of investigations of independent experts based upon various tests.

It may be added that the several Parts of the Final Report were afterwards issued separately, so that the General Report, or the statistics of any particular section of trades (as indicated on p. 108), may be secured by those interested.

II. THE CUSTOMS TARIFF OF THE UNITED KINGDOM

Articles subject to Import Duties in the United Kingdom, and the Duty levied upon each Article

ARTICLES.	Rates of Duty.
	£ s. d.
BEER: Mum, Spruce, or Black Beer, and	
Berlin White Beer, and other similar preparations, whether fermented or not fermented, where the Worts thereof were, before fermentation, of a specific gravity	
--Not exceeding 1215° .....per 36 gall.	1 13 0
Exceeding 1215° " 36 "	1 18 8
Beer of any other description where the Worts thereof were, before fermentation, of a specific gravity of 1055°...per 36 gall.	0 8 3
(And so on in proportion for any difference in gravity.)	
CARDS, PLAYING .....per doz. packs	0 3 9
CHICORY:—	
Raw or kiln-dried per cwt.	0 13 3
Roasted or ground per lb.	0 0 2
CHLORAL HYDRATE "	0 1 9
CHLOROFORM "	0 4 4
COCOA "	0 0 1
Husks and Shells..... per cwt.	0 2 0
Cocoa Preparations (at the discretion of the Treasury according to ingredients).	
Cocoa Butter per lb.	0 0 1
COFFEE per cwt.	0 14 0
Kiln dried, roasted, or ground. . . . per lb.	0 0 2
Coffee and Chicory (or other vegetable substances) roasted and ground; mixed	
per lb.	0 0 2
COLLODION per gall.	1 14 11
ETHER, ACETIC per lb.	0 2 7
" BUTYRIC..... per gall.	1 1 10
" SULPHURIC..... "	1 16 6
ETHYL, BROMIDE.....per lb.	0 1 5
" CHLORIDE.....per gall.	1 1 10
" IODIDE..... "	0 19 0
FRUIT, Dried, or otherwise Preserved without Sugar:—	
Currants.....per cwt.	0 2 0
Figs and Fig Cake, Plums, commonly called French Plums, and Prunelloes, Plums,	

ARTICLES	Rates of Duty.
	£ s. d.
Dried and Preserved, not otherwise described, Prunes, and Raisins....per cwt.	0 7 0
<i>Not.</i> —Plums include greengages and other fruits. Dutiable fruit imported in syrup or water is charged with duty at 7s. per cwt. on weight without squeezing out syrup or water. Syrup is charged separately at its proper duty unless importer elects to pay on the whole at fruit rate.	
FRUIT , liable to duty as such, preserved with Sugar. <i>See</i> Sugar.	
GLUCOSE:—	
Solid per cwt.	0 1 2
Liquid "	0 0 10
MOLASSES and invert Sugar and all other Sugar and extracts from Sugar which cannot be completely tested by the Polariscopes, and on which duty is not otherwise charged:	
If containing 70 per cent or more of sweetening matter per cwt.	0 1 2
If containing less than 70 per cent and more than 50 per cent of sweetening matter per cwt.	0 0 10
If containing not more than 50 per cent of sweetening matter per cwt.	0 0 5
Molasses is free of duty when cleared for use by a licensed distiller in the manufacture of Spirits, or if used solely for purposes of food for stock.	
MOTOR SPIRIT.....per gall.	0 0 3
As to allowances, see Part III. cl. xxviii.	
SACCHARIN and Mixtures containing Saccharin, or other substances of like nature or use. per oz.	0 0 7
<i>Not.</i> —Must be separately imported in packages of not less than 11 lb. and only at certain ports.	
SOAP, TRANSPARENT , in the manufacture of which Spirit has been used..... per lb.	0 0 3

ARTICLES.		Rates of Duty.		
		£	s.	d.
Exceeding 83 and not exceeding 84, per cwt.		0	1	1 4
" 84	" 85	0	1	1 8
" 85	" 86	0	1	2 2
" 86	" 87	0	1	2 6
" 87	" 88	0	1	3
" 88	" 89	0	1	3 4
" 89	" 90	0	1	4
" 90	" 91	0	1	4 5
" 91	" 92	0	1	5
" 92	" 93	0	1	5 6
" 93	" 94	0	1	6 1
" 94	" 95	0	1	6 6
" 95	" 96	0	1	7 1
" 96	" 97	0	1	7 7
" 97	" 98	0	1	8 2
" 98		0	1	10
Blacking, Liquid, containing sugar or any other sweetening matter.....per cwt.		0	0	5
(Together with the duty on any proof spirit contained therein.)				
<i>Note.</i> —An additional $\frac{1}{2}d.$ a lb. is chargeable in respect of any of the undermentioned Sugar articles in the manufacture of which Spirit has been used. Confectionery in the manufacture of which a greater percentage of Spirit has been used than that covered by the Spirit charge of $\frac{1}{2}d.$ the lb. shall be chargeable with a Spirit duty rate of 1d. the lb., or such Spirit duty rate as analysis may show to be necessary.				
Blacking, Solid, containing sugar or any other sweetening matterper cwt.		0	0	5
Candied or Drained Peel.....	"	0	1	4
Caramel:—				
Solid	"	0	1	10
Liquid	"	0	1	4
Cherries, Drained	"	0	1	0
Chutney.	"	0	0	10
Cocoonut, Sugared.	"	0	0	10
Confectionery:—				
Hard, such as: Sugared Almonds (except as below), Caraway Seeds, &c... per cwt.		0	1	10
Sugared Almonds, on the Entry for which the Importer has declared that the Sugar-coating does not exceed 72 per cent of the total net weight.....per cwt.		0	1	4
Soft, viz.: A.B. Gums imported in Bulk, in Barrels or Cases, on the Entry for which the Importer has declared that duty on the combined quantity of Sugar and Glucose used in the manufacture of the goods did not exceed the rate of 10d. the cwt.				
	per cwt.	0	0	10
Other A.B. Gums, Caramels, Chewing Gums, Jelly Beans, Turkish Delight, &c.				
	per cwt.	0	1	4
Confectionery, Fig.....		0	2	6
Confectionery, made from Sugar, and con-				

	Rates of Duty.		
	£	s.	d.
taining no other ingredients except flavouring.....per cwt.	0	1	10
Licorice, if declared by the Importer not to contain more than 30 per cent of added Sugar or other sweetening matter, sub- ject to occasional sampling and testing per cwt.	0	0	7
Flowers, as Violets and Rose Petals, &c., in Crystallized Sugar, as Crystallized Fruit per cwt.	0	1	10
Fruit, Canned and Bottled, other than Fruit liable to duty as such, preserved in thin Syrup, if the Importer has declared on the Entry that it does not contain more than 12 per cent of added Sugar...per cwt.	0	0	3
In other cases, in thin Syrup..... "	0	0	5
Fruit, Canned and Bottled, other than Fruit liable to duty as such, preserved in thick Syrup. ....per cwt.	0	1	1
Fruits: Crystallized, Glacé, and Metz, except Fruit liable to duty as such.....per cwt.	0	1	10
Imitation, Crystallized or not, on the Entry for which the Importer has declared that the Sugar constituents do not exceed 80 per cent. (Subject to sampling for an- alysis).....per cwt.	0	1	6
Imitation, Crystallized or not, in all other cases. ....per cwt.	0	1	10
Fruit, liable to duty as such, except Cur- rants, preserved in Sugar or otherwise, whether mixed with other Fruit or not per cwt.	0	7	0
Fruit Pulp, excepting Fruit Pulp liable to duty as such, preserved in thin Syrup per cwt.	0	0	5
Excepting Fruit Pulp liable to duty as such, preserved in thick Syrup, as Jam per cwt.	0	1	4

Note.—Tinned and bottled apricots in
syrup or water, and apricot pulp are not
liable to duty as preserved plums, but
when added sugar is present, as in the
case of syrup, they are chargeable either
as fruit, canned or bottled, or as fruit
pulp. Apricot jam is thus chargeable at
the rate of 1s. 4d. the cwt. as jam whether
imported in tins or bottles or not.

Apricots, crystallized and glacé, are
chargeable with duty as preserved plums.
(See also "Plums".)

Boxes of mixed fruits, such as "Metz
fruits, assorted", and bottles of "assorted
fruits in syrup", containing articles liable
to two or more distinct rates of duty, are
assessed with duty at the highest rate on
the whole weight, unless the various kinds
of goods are packed separately, or in such
a manner that an account can be taken
of each kind.

Ginger, preserved in Syrup or Sugar	"	0	1	4
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ARTICLES.	Rates of Duty.		
	£	s.	d.
Marmalade, Jam, and Fruit Jellies, if not made from Fruit liable to duty as such per cwt.	0	1	4
Marzipan..... "	0	1	1
Milk:—			
Condensed, sweetened, whole..... "	0	0	9
Condensed, sweetened, separated or skimmed per cwt.	0	0	10
Condensed, slightly sweetened, whether whole, separated, or skimmed, if declared by the Importer not to contain more than 18 per cent of added Sugar, subject to oc- casional sampling and testing... per cwt.	0	0	4
Milk Powder: If declared by the Importer not to contain any added Sugar.... "	Free		
If declared by the Importer not to contain more than 36 per cent of added Sugar per cwt.	0	0	8
In all other instances, and in cases in which the Importer wishes to dispense with sampling and testing.... per cwt.	0	1	6
<i>Note.</i> —Importations entered as Free will be delivered on deposit of duty at the 8d. rate, pending analysis. Importa- tions entered at the 8d. rate are liable to sampling and testing.			
Nestle's Milk Food per cwt.	0	0	7
Soy, when containing Molasses or other sweetening matter..... per cwt.	0	0	5
Tamarinds, preserved in Syrup... "	0	0	5
Other Preparations made with added Sugar or sweetening matter (other than Saccharin). Charged under Section 7, Finance Act, 1901, to the satisfaction of the Treasury according to quantity of ingredients.			
TEA per lb.	0	0	5
TOBACCO, Manufactured, viz.:—			
Cigars "	0	7	0
Cavendish or Negrohead "	0	5	4
Cavendish or Negrohead Manufactured in Bond per lb.	0	4	8
Other Manufactured Tobacco, viz.: Cigar- ettes per lb.	0	5	8
Other sorts "	0	4	8
Snuff containing more than 13 lb. of mois- ture in every 100 lb. weight thereof, per lb.	0	4	5
Snuff not containing more than 13 lb. of moisture in every 100 lb. weight thereof per lb.	0	5	4
Unmanufactured, if Stripped or Stemmed, containing 10 lb. or more of moisture in every 100 lb. weight thereof.....per lb.	0	3	8½
Containing less than 10 lb. of moisture in every 100 lb. weight thereof. ....per lb.	0	4	1½
Unmanufactured, if Unstripped or Un- stemmed, containing 10 lb. or more of moisture in every 100 lb. weight thereof per lb.	0	3	8

ARTICLES.	Rates of Duty.		
	£	s.	d.
Containing less than 10 lb. of moisture in every 100 lb. weight thereof.....per lb.	0	4	1
<i>Note.</i> —Minimum weight of packages allowed to be imported into U.K. is 80 lb. gross.			
WINE: Not exceeding 30° of Proof Spirit			
per gall.	0	1	3
Exceeding 30° but not exceeding 42° of Proof Spirit.....per gall.	0	3	0
And for every degree or part of a degree beyond the highest above charged, an additional duty.....per gall.	0	0	3
<i>Additional.</i> —On Still Wine imported in Bottles.....per gall.	0	1	0
On Sparkling Wine imported in Bottles per gall.	0	2	6

All Wines must be entered according to their commercial designations, those from Spain being also described on the entry as "red" or "white".

Drawbacks

Drawbacks are allowed on articles exported, or deposited in any bonded warehouse for use as ships' stores, or removed to the Isle of Man, if it is shown to the satisfaction of the Customs that the duties on importation have been duly paid.

A drawback is allowed to a refiner of molasses produced from duty-paid sugar in Great Britain or Ireland and delivered by him to a licensed distiller for use in the manufacture of spirits.

MAKERS OF MODERN BUSINESS—VIII

SIR THOMAS SUTHERLAND: born at Aberdeen, 1834; early entered the service of the P. & O. Company, of which he is now Chairman; also Chairman of London Board of Suez Canal Co.; was a founder of Hong Kong docks and of Hong Kong and Shanghai Bank; Unionist M.P. for Greenock, 1884-1900; K.C.M.G., 1891, G.C.M.G., 1897.

LORD SWAYTHLING (1832-1911); born Samuel Montagu at Liverpool; founded in 1853 banking house of Samuel Montagu & Co., London; Member of Gold and Silver Commission, 1887-97; Liberal M.P. for Whitechapel, 1885-1900; Baronet, 1894, Baron, 1907.

SIR HENRY TATE, BART. (1819-99); born in Lancashire; entered sugar-refining trade in Liverpool, and built up a great business; a great patron of art; built the Tate Gallery for the nation and presented his pictures to it; Baronet, 1898.

SIR CHARLES TENNANT, BART. (1823-1906); head of Charles Tennant, Sons, & Co., chemical merchants; President of the United Alkali Company; Liberal M.P. for Glasgow, 1879-80, for Peebles and Selkirk, 1880-86; Baronet, 1885.

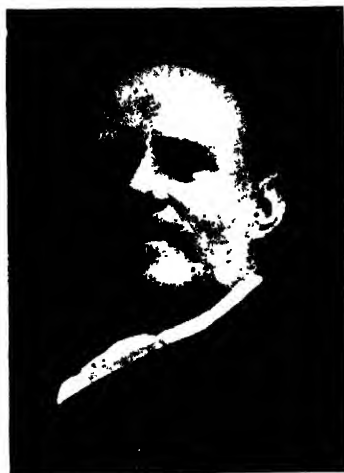
DAVID ALFRED THOMAS; born in Aberdare, 1856; senior in Thomas & Davey, coal sale agents; Managing Director of Cambrian Combine and other South Wales colliery companies; President of Cardiff Chamber of Commerce, 1895; Liberal M.P. for Merthyr Tydvil, 1888-1910, for Cardiff, 1910.

SIR WILLIAM PURDIE TRELOAR, BART.; born in London, 1843; head of firm of Treloar & Sons, London, dealers in carpets, mats, &c.; Sheriff of London, 1899-1900; Lord Mayor of London, 1906-07; knighted in 1900; Baronet, 1907.

JOSIAH WEDGWOOD (1730-1795); born in Burslem; entered pottery trade; started on his own account in 1759; founded Etruria in 1769; greatly improved the standard of taste and quality in pottery. (*The portrait is from a painting by Sir Joshua Reynolds.*)

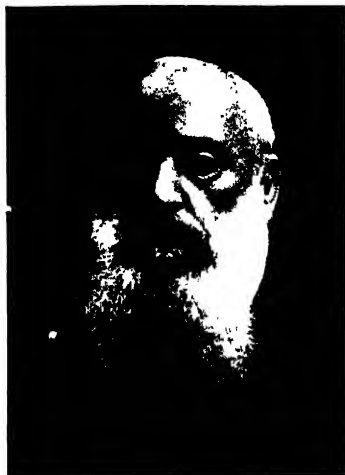
WILLIAM WHITELEY (1831-1907); born in Yorkshire; founder in 1863 of William Whiteley, Ltd., the pioneer of universal provider businesses in London; shot dead in his office.

LORD WINTERSTOKE (1830-1911); born William Henry Wills; head of W. D. & H. O. Wills, tobacco manufacturers, Bristol; Chairman of the Imperial Tobacco Company; Liberal M.P. for Coventry, 1880-86, for East Bristol, 1895-1900; Baronet, 1892, Baron, 1905.



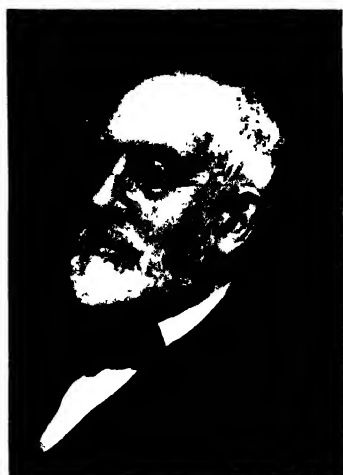
Deveraux House

SIR THOS. SUTHERLAND GCMG



Van Wyk

LORD SWAYTHLING



From Painting

SIR HENRY TATE, BART

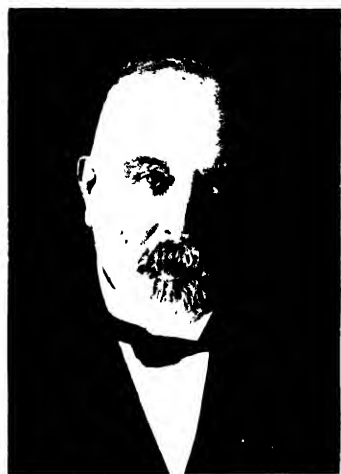


SIR CHARLES TENNANT, BART



Edk. Co. B

DAVID A. THOMAS



SIR WM. P. FRITH, BART



From Pam

JOSIAH WEDGWOOD



Whitely's

WILLIAM WHITELY



Edk. & Co.

LORD WINTERSTOKE

III. TABLE A

REGULATIONS FOR MANAGEMENT OF A COMPANY LIMITED BY SHARES

(See Part III, Chapter IV)

Preliminary

1. In these regulations, unless the context otherwise requires, expressions defined in the Companies (Consolidation) Act, 1908, or any statutory modification thereof in force at the date at which these regulations become binding on the company, shall have the meanings so defined, and words importing the singular shall include the plural, and vice versa, and words importing the masculine gender shall include females, and words importing persons shall include bodies corporate.

Business

2. The directors shall have regard to the restrictions on the commencement of business imposed by section eighty-seven of the Companies (Consolidation) Act, 1908, if, and so far as, those restrictions are binding upon the company.

Shares

3. Subject to the provisions, if any, in that behalf of the memorandum of association of the company, and without prejudice to any special rights previously conferred on the holders of existing shares in the company, any share in the company may be issued with such preferred, deferred, or other special rights, or such restrictions, whether in regard to dividend, voting, return of share capital, or otherwise, as the company may from time to time by special resolution determine.

4. If at any time the share capital is divided into different classes of shares, the rights attached

to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class.

5. No share shall be offered to the public for subscription except upon the terms that the amount payable on application shall be at least five per cent of the nominal amount of the share; and the directors shall, as regards any allotment of shares, duly comply with such of the provisions of sections eighty-five and eighty-eight of the Companies (Consolidation) Act, 1908, as may be applicable thereto.

6. Every person whose name is entered as a member in the register of members shall, without payment, be entitled to a certificate under the common seal of the company specifying the share or shares held by him and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all.

7. If a share certificate is defaced, lost, or destroyed, it may be renewed on payment of such

fee, if any, not exceeding one shilling, and on such terms, if any, as to evidence and indemnity as the directors think fit.

8. No part of the funds of the company shall be employed in the purchase of, or in loans upon the security of the company's shares.

Lien

9. The company shall have a lien on every share (not being a fully-paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the company shall also have a lien on all shares (other than fully-paid shares) standing registered in the name of a single person, for all moneys presently payable by him or his estate to the company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause. The company's lien, if any, on a share shall extend to all dividends payable thereon.

10. The company may sell, in such manner as the directors think fit, any shares on which the company has a lien, but no sale shall be made unless some sum in respect of which the lien exists, is presently payable, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled by reason of his death or bankruptcy to the share.

11. The proceeds of the sale shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the shares, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Calls on Shares

12. The directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares, provided that no call shall exceed one-fourth of the nominal amount of the share, or be payable at less than one month from the last call; and each member shall (subject to receiving at least fourteen days' notice specifying the time or times of payment) pay to the company

at the time or times so specified the amount called on his shares.

13. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

14. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of five pounds per cent per annum from the day appointed for the payment thereof to the time of the actual payment, but the directors shall be at liberty to waive payment of that interest wholly or in part.

15. The provisions of these regulations as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

16. The directors may make arrangements on the issue of shares for a difference between the holders in the amount of calls to be paid and in the times of payment.

17. The directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him; and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding, without the sanction of the company in general meeting, six per cent) as may be agreed upon between the member paying the sum in advance and the directors.

Transfer and Transmission of Shares

18. The instrument of transfer of any share in the company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

19. Shares in the company shall be transferred in the following form, or in any usual or common form which the directors shall approve:

I, A.B. of _____ in consideration of the sum of £ _____ paid to me by C.D. of _____ (hereinafter called "the said transferee") do hereby transfer to the said transferee the share [4 shares] numbered _____ in the undertaking called the _____ Company Limited, to hold unto the said transferee, his executors, administrators, and assigns, subject to the several conditions on which I held the same at the time of the execution there-

of: and I, the said transferee, do hereby agree to take the said share [or shares] subject to the conditions aforesaid. As witness our hands the day of

Witness to the signatures of, &c.

20. The directors may decline to register any transfer of shares, not being fully-paid shares, to a person of whom they do not approve, and may also decline to register any transfer of shares on which the company has a lien. The directors may also suspend the registration of transfers during the fourteen days immediately preceding the ordinary general meeting in each year. The directors may decline to recognize any instrument of transfer unless—

(a) a fee not exceeding two shillings and sixpence is paid to the company in respect thereof, and

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

21. The executors or administrators of a deceased sole holder of a share shall be the only persons recognized by the company as having any title to the share. In the case of a share registered in the names of two or more holders, the survivors or survivor, or the executors or administrators of the deceased survivor, shall be the only persons recognized by the company as having any title to the share.

22. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member shall, upon such evidence being produced as may from time to time be required by the directors, have the right, either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.

23. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

Forfeiture of Shares

24. If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

25. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of nonpayment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

26. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.

27. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the directors think fit.

28. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the company all moneys which, at the date of forfeiture, were presently payable by him to the company in respect of the shares, but his liability shall cease if and when the company receive payment in full of the nominal amount of the shares.

29. A statutory declaration in writing that the declarant is a director of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and that declaration, and the receipt of the company for the consideration, if any, given for the share on the sale or disposition thereof shall constitute a good title to the share, and the person to whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

30. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment

of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Conversion of Shares into Stock

31. The directors may, with the sanction of the company previously given in general meeting, convert any paid-up shares into stock, and may with the like sanction reconvert any stock into paid-up shares of any denomination.

32. The holders of stock may transfer the same, or any part thereof, in the same manner, and subject to the same regulations, as, and subject to which, the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; but the directors may from time to time fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.

33. The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges, and advantages as regards dividends, voting at meetings of the company, and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the company) shall be conferred by any such aliquot part of stock as would not, if existing in sharer, have conferred that privilege or advantage.

34. Such of the regulations of the company (other than those relating to share warrants) as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stock-holder".

Share Warrants

35. The company may issue share warrants, and accordingly the directors may in their discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence, if any, as the directors may from time to time require as to the identity of the person signing the request, and on receiving the certificate, if any, of the share, and the amount of the stamp duty on the warrant and such fee as the directors may from time to time require, issue under the company's seal a warrant, duly stamped, stating that the bearer of the warrant is entitled

to the shares therein specified, and may provide by coupons, or otherwise, for the payment of dividends, or other moneys, on the shares included in the warrant.

36. A share warrant shall entitle the bearer to the shares included in it, and the shares shall be transferred by the delivery of the share warrant, and the provisions of the regulations of the company with respect to transfer and transmission of shares shall not apply thereto.

37. The bearer of a share warrant shall, on surrender of the warrant to the company for cancellation, and on payment of such sum as the directors may from time to time prescribe, be entitled to have his name entered as a member in the register of members in respect of the shares included in the warrant.

38. The bearer of a share warrant may at any time deposit the warrant at the office of the company, and so long as the warrant remains so deposited the depositor shall have the same right of signing a requisition for calling a meeting of the company, and of attending and voting and exercising the other privileges of a member at any meeting held after the expiration of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant. Not more than one person shall be recognized as depositor of the share warrant. The company shall, on two days' written notice, return the deposited share warrant to the depositor.

39. Subject as herein otherwise expressly provided no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the company, or attend, or vote, or exercise any other privilege of a member at a meeting of the company, or be entitled to receive any notices from the company; but the bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the register of members as the holder of the shares included in the warrant, and he shall be a member of the company.

40. The directors may from time to time make rules as to the terms on which (if they shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss, or destruction.

Alteration of Capital

41. The directors may, with the sanction of an extraordinary resolution of the company, increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

42. Subject to any direction to the contrary that may be given by the resolution sanctioning the increase of share capital, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of the same in such manner as they think most beneficial to the company. The directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the directors, be conveniently offered under this article.

43. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture, and otherwise as the shares in the original share capital.

44. The company may, by special resolution—

(a) Consolidate and divide its share capital into shares of larger amount than its existing shares:

(b) By subdivision of its existing shares, or any of them, divide the whole, or any part, of its share capital into shares of smaller amount than is fixed by the memorandum of association, subject, nevertheless, to the provisions of paragraph (d) of subsection (1) of section forty-one of the Companies (Consolidation) Act, 1908:

(c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person:

(d) Reduce its share capital in any manner and with, and subject to, any incident authorized, and consent required, by law.

General Meetings

45. The statutory general meeting of the company shall be held within the period required by section sixty-five of the Companies (Consolidation) Act, 1908.

46. A general meeting shall be held once in every year at such time (not being more than fifteen months after the holding of the last preceding general meeting) and place as may be prescribed by the company in general meeting, or, in default, at such time in the month following that in which

the anniversary of the company's incorporation occurs, and at such place, as the directors shall appoint. In default of a general meeting being so held, a general meeting shall be held in the month next following, and may be convened by any two members in the same manner as nearly as possible as that in which meetings are to be convened by the directors.

47. The above-mentioned general meetings shall be called ordinary meetings; all other general meetings shall be called extraordinary.

48. The directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by section sixty-six of the Companies (Consolidation) Act, 1908. If at any time there are not within the United Kingdom sufficient directors capable of acting to form a quorum, any director or any two members of the company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

Proceedings at General Meeting

49. Seven days' notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day, and the hour of meeting and, in case of special business, the general nature of that business, shall be given in manner hereinafter mentioned, or in such other manner, if any, as may be prescribed by the company in general meeting, to such persons as are, under the regulations of the company, entitled to receive such notices from the company; but the non-receipt of the notice by any member shall not invalidate the proceedings at any general meeting.

50. All business shall be deemed special that is transacted at an extraordinary meeting, and all that is transacted at an ordinary meeting, with the exception of sanctioning a dividend, the consideration of the accounts, balance sheets, and the ordinary report of the directors and auditors, the election of directors and other officers in the place of those retiring by rotation, and the fixing of the remuneration of the auditors.

51. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business: save as herein otherwise provided, three members personally present shall be a quorum.

52. If within half an hour from the time appointed for the meeting a quorum is not present,

the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.

53. The chairman, if any, of the board of directors shall preside as chairman at every general meeting of the company.

54. If there is no such chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the members present shall choose some one of their number to be chairman.

55. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

56. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least three members, and, unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

57. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

58. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

59. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

Votes of Members

60. On a show of hands every member present in person shall have one vote. On a poll every member shall have one vote for each share of which he is the holder.

61. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

62. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, curator bonis, or other person in the nature of a committee or curator bonis appointed by that court, and any such committee, curator bonis, or other person may, on a poll, vote by proxy.

63. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

64. On a poll votes may be given either personally or by proxy.

65. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, either under the common seal, or under the hand of an officer or attorney so authorized. No person shall act as a proxy unless either he is entitled on his own behalf to be present and vote at the meeting at which he acts as proxy, or he has been appointed to act at that meeting as proxy for a corporation.

66. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

67. An instrument appointing a proxy may be in the following form, or in any other form which the directors shall approve:—

‘ Company, Limited.

“ I of in the county of
 being a member of the
 Company, Limited, hereby appoint of
 as my proxy to vote for me and on my
 behalf at the [ordinary or extraordinary as the case

may be] general meeting of the company to be held on the day of and at any adjournment thereof."

Signed this day of

Directors

68. The number of the directors and the names of the first directors shall be determined in writing by a majority of the subscribers of the memorandum of association.

69. The remuneration of the directors shall from time to time be determined by the company in general meeting.

70. The qualification of a director shall be the holding of at least one share in the company, and it shall be his duty to comply with the provisions of section seventy-three of the Companies (Consolidation) Act, 1908.

Powers and Duties of Directors

71. The business of the company shall be managed by the directors, who may pay all expenses incurred in getting up and registering the company, and may exercise all such powers of the company as are not, by the Companies (Consolidation) Act, 1908, or any statutory modification thereof for the time being in force, or by these articles, required to be exercised by the company in general meeting, subject nevertheless to any regulation of these articles, to the provisions of the said Act, and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the company in general meeting; but no regulation made by the company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

72. The directors may from time to time appoint one or more of their body to the office of managing director or manager for such term, and at such remuneration (whether by way of salary, or commission, or participation in profits, or partly in one way and partly in another) as they may think fit, and a director so appointed shall not, while holding that office, be subject to retirement by rotation, or taken into account in determining the rotation of retirement of directors; but his appointment shall be subject to determination ipso facto if he ceases from any cause to be a director, or if the company in general meeting resolve that his tenure of the office of managing director or manager be determined.

73. The amount for the time being remaining undischarged of moneys borrowed or raised by the directors for the purposes of the company (other-

wise than by the issue of share capital) shall not at any time exceed the issued share capital of the company without the sanction of the company in general meeting.

74. The directors shall duly comply with the provisions of the Companies (Consolidation) Act, 1908, or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the registration of the particulars of mortgages and charges affecting the property of the company, or created by it, and to keeping a register of the directors, and to sending to the Registrar of Companies an annual list of members, and a summary of particulars relating thereto, and notice of any consolidation or increase of share capital, or conversion of shares into stock, and copies of special resolutions, and a copy of the register of directors and notifications of any changes therein.

75. The directors shall cause minutes to be made in books provided for the purpose—

(a) of all appointments of officers made by the directors;

(b) of the names of the directors present at each meeting of the directors and of any committee of the directors;

(c) of all resolutions and proceedings at all meetings of the company, and of the directors, and of committees of directors,

and every director present at any meeting of directors or committee of directors shall sign his name in a book to be kept for that purpose.

The Seal

76. The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the board of directors, and in the presence of at least two directors and of the secretary or such other person as the directors may appoint for the purpose; and those two directors and secretary or other person as aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

Disqualifications of Directors

77. The office of director shall be vacated, if the director—

(a) ceases to be a director by virtue of section seventy three of the Companies (Consolidation) Act, 1908; or

(b) holds any other office of profit under the company except that of managing director or manager; or

(c) becomes bankrupt; or

(d) is found lunatic or becomes of unsound mind; or

(e) is concerned or participates in the profits of any contract with the company:

Provided, however, that no director shall vacate his office by reason of his being a member of any company which has entered into contracts with or done any work for the company of which he is director: but a director shall not vote in respect of any such contract or work, and if he does so vote his vote shall not be counted.

Rotation of Directors

78. At the first ordinary meeting of the company the whole of the directors shall retire from office, and at the ordinary meeting in every subsequent year one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office.

79. The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

80. A retiring director shall be eligible for re-election.

81. The company at the general meeting at which a director retires in manner aforesaid may fill up the vacated office by electing a person thereto.

82. If at any meeting at which an election of directors ought to take place the places of the vacating directors are not filled up, the meeting shall stand adjourned till the same day in the next week at the same time and place, and, if at the adjourned meeting the places of the vacating directors are not filled up, the vacating directors, or such of them as have not had their places filled up, shall be deemed to have been re-elected at the adjourned meeting.

83. The company may from time to time in general meeting increase or reduce the number of directors, and may also determine in what rotation the increased or reduced number is to go out of office.

84. Any casual vacancy occurring in the board of directors may be filled up by the directors, but the person so chosen shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

85. The directors shall have power at any time, and from time to time, to appoint a person as an

additional director who shall retire from office at the next following ordinary general meeting, but shall be eligible for election by the company at that meeting as an additional director.

86. The company may by extraordinary resolution remove any director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected a director.

Proceedings of Directors

87. The directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of the directors.

88. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall (when the number of directors exceeds three) be three.

89. The continuing directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to the regulations of the company as the necessary quorum of directors, the continuing directors may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the company, but for no other purpose.

90. The directors may elect a chairman of their meetings and determine the period for which he is to hold office; but, if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the directors present may choose one of their number to be chairman of the meeting.

91. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the directors.

92. A committee may elect a chairman of their meetings: if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

93. A committee may meet and adjourn as they think proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of an equality of votes the chairman shall have a second or casting vote.

94. All acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

Dividends and Reserve

95. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the directors.

96. The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the company.

97. No dividend shall be paid otherwise than out of profits.

98. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid up on any of the shares in the company dividends may be declared and paid according to the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this article as paid on the share.

99. The directors may, before recommending any dividend, set aside out of the profits of the company such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for meeting contingencies, or for equalizing dividends, or for any other purpose to which the profits of the company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the directors may from time to time think fit.

100. If several persons are registered as joint holders of any share any one of them may give effectual receipts for any dividend payable on the share.

101. Notice of any dividend that may have been declared shall be given in manner hereinafter mentioned to the persons entitled to share therein.

102. No dividend shall bear interest against the company.

Accounts

103. The directors shall cause true accounts to be kept—

Of the sums of money received and expended by the company and the matter in respect of which such receipt and expenditure takes place, and

Of the assets and liabilities of the company.

104. The books of account shall be kept at the registered office of the company, or at such other place or places as the directors think fit, and shall always be open to the inspection of the directors.

105. The directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by statute or authorized by the directors or by the company in general meeting.

106. Once at least in every year the directors shall lay before the company in general meeting a profit and loss account for the period since the preceding account or (in the case of the first account) since the incorporation of the company, made up to a date not more than six months before such meeting.

107. A balance sheet shall be made out in every year and laid before the company in general meeting made up to a date not more than six months before such meeting. The balance sheet shall be accompanied by a report of the directors as to the state of the company's affairs, and the amount which they recommend to be paid by way of dividend, and the amount, if any, which they propose to carry to a reserve fund.

108. A copy of the balance sheet and report shall, seven days previously to the meeting, be sent to the persons entitled to receive notices of general meetings in the manner in which notices are to be given hereunder.

Audit

109. Auditors shall be appointed and their duties regulated in accordance with sections one hundred and twelve and one hundred and thirteen of the Companies (Consolidation) Act, 1908, or any statutory modification thereof for the time being in force.

Notices

110. A notice may be given by the company to any member either personally or by sending it by post to him to his registered address, or (if he has no registered address in the United Kingdom) to the address, if any, within the United Kingdom supplied by him to the company for the giving of notices to him.

Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and unless the contrary is proved to have been effected at the time at which the letter would be delivered in the ordinary course of post.

111. If a member has no registered address in the United Kingdom and has not supplied to the company an address within the United Kingdom for the giving of notices to him, a notice addressed to him and advertised in a newspaper circulating in the neighbourhood of the registered office of the company, shall be deemed to be duly given to him on the day on which the advertisement appears.

112. A notice may be given by the company to the joint holders of a share by giving notice to the joint holder named first in the register in respect of the share.

113. A notice may be given by the company to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any, like description, at the address, if any, in the United Kingdom supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

114. Notice of every general meeting shall be given in some manner hereinbefore authorized to (a) every member of the company (including bearers of share warrants) except those members who (having no registered address within the United Kingdom) have not supplied to the company an address within the United Kingdom for the giving of notices to them, and also to (b) every person entitled to a share in consequence of the death or bankruptcy of a member, who, but for his death or bankruptcy, would be entitled to receive notice of the meeting. No other persons shall be entitled to receive notices of general meetings.

IV. THE WORKING MACHINERY OF THE NATIONAL INSURANCE ACT

The National Insurance Act, 1911, and other schemes of insurance in relation to trade, have been considered by Mr. Chiozza Money in a special article in Part III of this book (see Vol. V, p. 26). What is here considered is the practical working machinery of the Act, as it affects employer and employee, with especial regard to the Health provisions, as coming more within the scope of general business, but also with regard to its Unemployment provisions as applicable to special trades.

The scheme, which was so much criticized, is now in actual working; and if it is still susceptible of further improvements this is to a considerable degree because it is impossible for so large an experiment to be undertaken with machinery pro-

vided in advance to meet every contingency. Perfection can only come with trial—and will then be due not merely to the framers of the Act, but also to those public-spirited persons who are giving their skilled and voluntary services on Insurance Committees, and others who were active in the formation of Approved Societies.

In analysing the working machinery of the National Insurance Act of 1911, it will be found convenient to treat separately the questions of Health Insurance and Unemployment Insurance, which not only embrace distinct subject-matters but are administered by two entirely distinct Government Departments.

HEALTH INSURANCE

If an analysis is first made of the Health Insurance part of the Act, its comprehension will be perhaps simplified if we deal separately with the questions of: (a) The persons brought either voluntarily or compulsorily within the operation of the Act; (b) the contributions made by these contributors, the employers, and the State, and the benefits given in return for the contributions; and (c) the financial and administrative machinery by which the Act is carried into effect.

Persons Entitled to Benefits

Persons enjoying the benefits of the Act fall into two primary classes: (a) compulsory or employed contributors; (b) voluntary contributors.

Compulsory Contributors

Subject to the exception that no person under the age of sixteen or over the age of seventy comes

under the operation of the Act in any capacity whatsoever, every manual labourer, whatever may be his or her wages, and every non-manual employee not earning more than £160 per annum, ranks as a compulsory contributor. This broad rule is subject to the qualification that where such an employee is in receipt of an income of £26 a year independently of his own personal exertions, while remaining subject to the compulsory operation of the Act, in so far that the employer is necessarily bound to pay the appropriate contribution, the employee is personally relieved from the obligation of paying contributions, but must obtain from the Insurance Commissioners a certificate of exemption. On a similar principle, every person who is ordinarily and mainly dependent for livelihood upon some other person, is equally entitled to a certificate of exemption, though the employer is none the less equally bound to pay his contributions. The Act applies impartially to all employees and outworkers, whether they be

male or female. Casual labourers, when employed for the purpose of the employer's trade or business, also come within the Act. It should be mentioned that a wife employed by her husband, or a husband employed by his wife, is outside the scope of the Act. Female outworkers whose husbands are already insured under the Act and who look to their husbands for a substantial part of their maintenance, are exempted altogether from the operation of the Act.

When the employee is an agent and gets as remuneration not a regular salary but commission or certain specified fees, or a share in the profits, he will be outside the Act in cases where he works for more than one employer, or if his real source of livelihood is some other occupation. Thus all commercial travellers who travel for more than one firm and who are paid by commission are not insurable as employed contributors. Similarly, the visiting governess or tutor with a general clientèle does not rank as an employed contributor.

Voluntary Contributors

There are certain classes of individuals who, while not swept compulsorily within the ambit of the Act, have the option of entering it if they so desire. These are called voluntary contributors. Voluntary contributors fall into two classes: (a) those persons who, while not employed, are engaged in some regular occupation (on which they depend for their livelihood) out of which they do not earn more than £160 per year; and (b) those persons who have already been employed contributors for a period of five years, irrespective of the amount by which after the expiration of the five years their incomes may exceed the sum of £160. The benefits enjoyed by voluntary contributors are the same as those enjoyed by compulsory contributors, with the exception that voluntary contributors are treated slightly less leniently with regard to arrears. As will be seen shortly, there is a substantial difference in the contributions payable, this difference being accounted for by the facts that in many cases the gross rate is higher, and that the voluntary contributor himself pays that proportion of the rate which in the case of the employed contributor is payable by the employer.

Employer's and Employees' Contributions

The ordinary rates of contributions payable are, as can be seen from Mr. Chiozza Money's tables (see Vol. V, pp. 26, 27), 7d. per week in respect of male employees and 6d. a week in the case of

female employees, of which sums 3d. per week is payable by the employer, leaving the employee's contribution 4d. per week in the case of males and 3d. per week in the case of females. These rates of 7d. and 6d. are exclusive of the State grant, which ultimately works out, as will be subsequently explained, at a sum roughly equivalent to 2d. per week.

In the case of employed contributors who do not earn more than half a crown a day, while the gross rate payable remains the same, the proportions payable by the employer, employee, and the State are altered with a view to relieving either wholly (as in the case of insured employees earning not more than 1s. 6d. per day) or partially (as in the case of insured employees earning not more than 2s. 6d. per day) the poorer classes of the working population of the burden of paying contributions. These special modifications, however, only enure for the benefit of those contributors who are over twenty-one, and who are not given board and lodging as part of their remuneration. In the case of the worse paid classes of outworkers there is power to fix the amount of the contribution by the amount of work actually done.

The proportions of these rates indicated as payable by the employer and employee respectively, have only reference to the time when the insured person is actually employed. When he is out of work, he is consequently liable to pay that proportion of the rate which, when he was in work, was payable by the employer. To meet, however, the special cases of those trades which are essentially "seasonal", in which employees are in the ordinary course of events extremely busy during one part of the year and extremely slack during the remainder, the Insurance Commissioners have power, in the case of any trade they think proper to specify, to increase the rate payable by the insured persons during the busy season, and to reduce the rate payable during the slack season, so as to equalize the burden and spread it as proportionately as is feasible over the whole year.

From the point of view of employers, every week starts on a Monday (except in the case of outworkers). In the case of the same workman being employed by different employers in the course of the same week, though *prima facie* the employer who first employs the workman is liable for the whole of the employer's contribution, provision has been made to enable clearing houses of labour to be set up, as at the Liverpool Docks, by means of which each employer pays his proportionate share of the employer's contribution. In other less organized occupations employers may contribute in rotation by voluntary arrangement. In certain cases, moreover, where the contributor

is under the direct control of some person other than his immediate employer, such person ranks as his employer for the purposes of the Act, though he is entitled to deduct the amounts paid from any sums payable by him to the immediate employer.

Cards and Insurance Stamps

The actual payments, whether made by the employer or the contributor, are effected through the medium of special Insurance stamps purchasable at the post offices. Each contributor is provided with an Insurance Card, to be obtained either from his Approved Society (see p. 137) or from the Post Office. The employer is required to affix to this card, on a day not later than the day on which wages are paid, a single stamp of the value of the joint contribution due from himself and from the contributor, for every week for which a contribution is payable, and each stamp must be cancelled when affixed by writing the date across it in ink or by a metallic die with black indelible ink. The contributor is entitled to the custody of the card, though it may be kept by the employer by mutual consent. Under any circumstances, however, the employer must deliver up the card to the contributor on 48 hours' notice, and also when the employment is terminated, or on the expiry of the specific period for which the card has been issued. Conversely, when the contributor fails to produce his card to the employer at the proper times, the contributor is liable to a fine not exceeding £10. If the contributor fails to produce his card, the employer should obtain from the Post Office a special emergency card, affix the requisite stamp, and hand the same to the contributor. No contribution is payable by the employer in respect of any week during which the contributor renders no service and either receives no remuneration or receives sickness benefit for the whole or part of the week. Similarly, no contribution is payable by the contributor when he is in receipt of Sickness or Disablement Benefit.

Inasmuch as the stamp affixed by the employer represents both his own contribution and the contribution payable by the employee, he is entitled to recover the proportion payable by the employee by deducting the same from his wages. He is, however, strictly forbidden to deduct from his employees' wages the contribution payable by himself. There is, of course, nothing to prevent any employer from terminating in the proper legal manner any contract of employment and re-engaging the employee at a wage less than the original wage by exactly the amount of the employer's contribution, or increasing a salary of £160 by a nominal shilling to take the employment out of

the Act. Where the employer engages his employees through a Labour Exchange he may make an arrangement by which the stamping formalities are conducted by the Exchange, subject to three months' contributions being paid in advance together with a small sum for the clerical expense.

Reduced Contributions

Special provisions are applicable to those cases where the employer is willing to pay six weeks' full wages in any one year to any employee who suffers from sickness or disablement commencing while in his employment (provided that the class of employment in question has been duly specified by the Insurance Commissioners). In such cases the employer's weekly contribution will be reduced by 1d. in the case of male employees and $\frac{1}{2}$ d. in the case of female employees, while the contribution payable by the employee whether male or female will be reduced by 1d.

Arrears of Contributions

It is as well to point out that while the payment of contributions during employment is specifically exacted, there is no actual compulsion exercisable with regard to the payment of contributions when a contributor is out of employment. The consequence of failure to keep up the contributions, under those circumstances, is that the contributor falls in arrear. Provided that he is a member of an Approved Society, he is allowed to be an average of four weeks per year in arrears without incurring any penalty. If the arrears, however, exceed that average, he is penalized by a reduction in the amount of Sickness Benefit to which he is entitled, while under certain circumstances the date at which the benefit becomes due is postponed.

In the case of voluntary contributors the provisions as to arrears are slightly less lenient.

Non-compliance with the Act

It should also be remembered that any neglect to comply with the Act is a criminal offence punishable in a court of summary jurisdiction by a fine not exceeding £10. Inspectors are appointed under the Act to see its provisions carried into force, and they are empowered to enter any premises (other than a private house not used for commercial purposes), make all reasonable enquiries, examine all necessary books and cards, and if they think fit, require the person interrogated to sign a declaration testifying to the truth of his statement.

Voluntary Contributors

The rate payable by the voluntary contributor depends on considerations somewhat different to those applicable to the rate payable by the employed contributor. If the voluntary contributor is under the age of forty-five, the rate payable will be the ordinary employed rate, viz., 7*d.* per week for males and 6*d.* per week for females.

Persons, on the other hand, who become voluntary contributors after attaining the age of forty-five, or who, though under forty-five, become voluntary contributors after 15 January, 1913, pay a special rate according to tables drawn up by the Commissioners. The basic principle of the rate payable is that the total sum paid by the voluntary contributor during the time that he is insured should exactly square with seven-ninths of the cost of the benefits, if the contributor is a man, and with three-quarters of the cost of the benefits, if a woman.

Persons who become voluntary contributors after having been employed contributors for a period of five years, pay the rate applicable to an employed contributor. If, on the other hand, a person who has been a compulsory contributor for less than five years becomes a voluntary contributor, he is treated as being in arrear with his contributions to the extent of the difference between the contributions paid by him under the employed rate, and the hypothetical contributions under the voluntary rate which he would have paid had he been a voluntary contributor *ab initio*.

The State Contribution

The State contribution, though comprehensively expressed by the well-known phrase of 2*d.* per week, involves in some cases slightly complicated operations. The actuarial basis of the Act is that a gross contribution of 7*d.* a week in the case of men and of 6*d.* a week in the case of women is sufficient to keep a contributor, who first becomes insured at the age of sixteen, "square with his benefits", though, of course, insufficient to produce the same result in the case of a contributor who first becomes insured when at a greater age than sixteen (it being obvious that the older a person is, the more liable he or she becomes to sickness). From the point of view, however, of the book-keeping machinery of the Act, the State pays by way of subsidy two-ninths of all the benefits payable under the Act in the case of men, and one-quarter of all the benefits payable under the Act in the case of women, and undertakes the liability if any on the reserve value. This subsidy is granted by the State irrespective of whether or

not the rate payable in respect of any given contributor is or is not sufficient to defray his benefits. On the other hand, the State enters on its books to the account of each contributor who needs the State subsidy (to which we have just referred) a loan of such a sum as is sufficient to enable the contributions paid in respect of such insured persons, plus the State subsidy of two-ninths (or one-quarter in the case of women) of the cost of benefits payable under the Act, to square approximately with the cost of the benefits. This sum is technically known as the "reserve value". The sum thus lent by the State will be paid off in eighteen and a half years, inasmuch as during that period the account of each contributor will be debited 1½*d.* a week in the case of men and 1¼*d.* in the case of women.

Now a boy of sixteen, whose benefits during the whole time that he is insured could be defrayed out of the 7*d.* per week, without any State subsidy, does not need to be lent any sum to enable the contributions payable in respect of him to square with the benefits he is to receive. In such a case the 1½*d.* deducted per week simply balances the 1¼*d.* per week (viz. two-ninths of 7*d.*) paid unnecessarily by the State in respect of the cost of his benefits. The position may be perhaps crystallized in this way. For the next eighteen and a half years the State provides the sum necessary to make the contributions in fact paid actuarially adequate to defray the benefits provided by the Act. This sum is equivalent to an average of 2*d.* per week per contributor, though it is obvious that a lad of sixteen (in whose case 7*d.* per week is actuarially adequate to defray the benefits) gets nothing of the State subsidy, while a man of fifty or sixty, in whose case a contribution exceeding 9*d.* per week would be necessary to constitute an actuarially adequate premium, gets more than 2*d.* per week.

After the expiry, however, of eighteen and a half years, when most of the older contributors will have ceased to be insured, it will be unnecessary to have recourse to any State subsidy, as all the contributions paid will then be actuarially adequate to defray the ordinary benefits provided by the Act. The State subsidy will then be employed, not as at present, to make up the actuarial difference between the contributions payable and the contributions actually required, but to provide further benefits for all the contributors.

Benefits under the Act

In treating of the benefits to which contributors are entitled under the Act, it will be convenient to set these out first broadly and generally, although, as will be seen later, contributors who

belong to an Approved Society participate in the benefits under distinctly more favourable conditions than those who insure direct with the State through the medium of the Post Office. The ordinary benefits are five, viz., Medical Benefit, Sanatorium Benefit, Maternity Benefit, Sickness Benefit, and Disablement Benefit.

Medical Benefit

Medical benefit means free medical attendance during the whole life of an insured person, the contributor having the right of choosing his doctor from those on the local panel in his district. It is obvious that the number of patients whom any panel doctor can undertake to attend is necessarily limited, so that it no doubt happens in practice that the patient's choice is confined to those doctors in his district who have vacancies on their lists. Insured contributors are also entitled to have provided, free of charge, drugs and such medical appliances as may be prescribed by the Insurance Commissioners. Doctors and chemists willing to act on the local panels are paid a capitation fee fixed by the local Insurance and Medical Committees (whose constitution is described on p. 137), but not under any circumstances lower than a certain minimum. Special allowance is made in cases of unusual operations or expensive appliances, &c. The local Insurance Committees, moreover, have power to fix a maximum income limit for contributors entitled to medical attendance, and to provide for such contributors as have an income exceeding the limit a sum equivalent to the average local cost of medical benefit.

Sanatorium Benefit

Sanatorium Benefit consists of special treatment, either in a sanatorium or at home, in the case of consumption and other diseases specified by the Treasury and Local Government Board. So far as consumption is concerned, the machinery of the scheme consists of a number of tuberculosis dispensaries, to each of which are affiliated a number of sanatoria, hospitals, farm colonies, open-air schools, playground classes, and night camps. The function of each dispensary is to serve as a general centre and clearing house, where the character of the disease can be diagnosed, and from which the patient can be drafted off to such institution as is most appropriate to his condition. The dispensaries have medical, nursing, secretarial, and dispensing staffs, while special endeavours will be made to disseminate information as to the hygiene, cure, and prevention of the disease. In cases where the Sanatorium Benefit consists of special

treatment in the patient's home, the dispensaries will have power to provide a separate room or bed, additional food, and also dental treatment. The sanatoria will each have from 100 to 200 beds, and it has been considered advisable to build sufficient sanatoria to provide one bed for every 5000 of the population. Apart from a special State subsidy of £1,500,000 for the building of sanatoria, the sums available for Sanatorium Benefit are limited to 1s. 3d. per year per contributor out of the Insurance Fund, plus 1d. per year per contributor provided by the State. The Treasury, however, and the County and County Borough Councils have power to make special grants in favour of Sanatorium Benefit.

Maternity Benefit

Maternity Benefit is a bonus of 30s., payable in cash or kind, on the confinement of any woman who is either insured herself or the wife of an insured contributor. If the woman is insured herself the bonus is equally payable whether the child be legitimate or illegitimate.

Sickness Benefit

Sickness Benefit consists of a grant of 10s. a week to men, and of 7s. 6d. a week to women, the grant commencing from the fourth day of the illness, and continuing up to a maximum period of twenty-six weeks.

These rates are slightly reduced in the case of contributors under twenty-one years who have no dependants. Contributors over fifty years of age at the time of their entry into Insurance also enjoy somewhat less advantageous terms with regard to Sickness Benefit.

Disablement Benefit

Disablement Benefit consists of a grant of 5s. a week to men and women equally, in the event of incapacity for work continuing after the expiry of the twenty-six weeks of the Sickness Benefit.

Exchange of Benefits

Machinery is provided by which in certain cases contributors when members of Approved Societies can exchange their Sickness and Disablement Benefit for an arrangement by which they participate in one or more of various additional benefits, of which remission of arrears, pensions, dental treatment, increase of Maternity Benefit, and medical treatment for dependants are the most important.

Society and Post Office Contributors

With regard to their position in respect of the enjoyment of benefits, all contributors, whether compulsory or voluntary, fall into two classes, viz., Approved Society Contributors and Post Office Contributors. The ordinary machinery of working the Act is through the medium of Approved Societies, viz., ordinary Friendly Societies or Societies specially formed for the purpose (see p. 137). Inasmuch as the rates of the contributions are based on a calculation of the averages prevailing among persons of normal health, it is obvious that persons of abnormally weak health are liable to be refused admission to Approved Societies. To meet the case of these people who are, in the ordinary commercial sense of the term, practically uninsurable, special provisions are made by which such persons insure direct with the State through the medium not of an Approved Society, but through that of the Post Office. Put briefly, the position of the Post Office Contributor is that he merely gets the benefits of the Act to the extent that the contributions paid in respect of him, plus, of course, the State subsidy of two-ninths (or one-quarter in the case of women) of the cost of the benefits required, are sufficient to provide them, in contradistinction to the Approved Society Contributor, who gets an almost absolute insurance. Acting, then, on this principle, the local Insurance Committee deduct every year from the account of each Post Office Contributor such amount as represents the average cost per head of Medical Benefit and Sanatorium Benefit, at the same time crediting the contributor with such proportion of those benefits which is defrayed by the State. If, moreover, the amount standing to the credit of any contributor at the commencement of any year is not adequate to defray this amount, the contributor loses for the year his right to Medical and to Sanatorium Benefit, subject to a discretionary power in the local Insurance Committee to make special allowances when they think fit so to do. The balance remaining, after this deduction, to the credit of the contributor is alone available for the defraying of the cost of Sickness and Sanatorium Benefit, though, of course, two-ninths (or in the case of women, one-quarter) of the cost of such benefits is defrayed by the State.

If the Post Office Contributor improves in health he can be transferred to an Approved Society, while if he dies, four-sevenths of the amount standing to his credit is payable to his nominee. The number of Deposit Contributors is about one million, and it is intended to put forward on 15 January, 1915, a new scheme for dealing with this particular class.

Administration of the Act

In considering the actual administration of the Act, there are three distinct sets of bodies to be taken into account—the Insurance Commissioners, the Insurance Committees, and the Approved Societies.

Insurance Commissioners

The Commissioners comprise four distinct boards of officials appointed by the Government for England, Ireland, Scotland, and Wales. The Commissioners for each country constitute an independent body, though the advantage of enabling the various bodies of Commissioners to keep in touch with each other has been secured by the appointment of a Joint Committee of all the four Boards. The powers of the Commissioners are legislative, judicial, and executory. They have power to issue regulations with regard to the administration of the Act, which have all the force of the Act itself, and may in certain cases amount to an actual amendment of the original provisions. The Commissioners have also jurisdiction to decide legal questions arising out of the construction of the Act, subject to an appeal to a County Court Judge, and a subsequent but final appeal to a High Court Judge, or themselves to refer questions to the Courts. The Commissioners, again, are the bodies ultimately responsible for the financial administration of the Act, and have the control of the Insurance Fund realized by the sale of those Insurance stamps, through the medium of which, as has been already seen, the contributions are made. The immediate administration of the Benefits, however, is effected through the agency of the Approved Societies and the Insurance Committees. The Commissioners will consequently credit each Society and each Insurance Committee with the amounts paid, which are applicable to the use of such Society and such Committee. So far, moreover, as the Approved Societies are concerned, four-sevenths of the contributions made in respect of men, and one-half of the contributions made in respect of women, are payable by the Commissioners for the purpose of investment to the particular Approved Society of which the contributor happens to be a member. When moneys are needed for the purpose of defraying current liabilities, such moneys are payable by the Commissioners to the particular Approved Society or Insurance Committee, as the case may be.

The Commissioners are assisted by an Advisory Committee appointed by themselves, and comprising employers, doctors, women, and representa-

tives of Approved Societies. The expenses of the Commissioners and their staff are defrayed by Parliament without any recourse to the contributions payable under the Act.

Insurance Committees

The Insurance Committees are bodies of persons, partly elected by the contributors on representative principles, and partly appointed by the local County Council or County Borough Council, the local Medical Association, and the Insurance Commissioners. Insurance Committees consist in Great Britain of from forty to eighty members, according to the discretion of the Commissioners, while in the case of Ireland their number has been specifically fixed at twenty-four. One Insurance Committee is formed for every county or County Borough in the United Kingdom (a Scottish burgh or Police Burgh with a population of 20,000 or upwards being equivalent to a County Borough for these purposes). While, however, the county or County Borough is thus the financial unit, the local subdivision of labour is secured by the appointment by each Insurance Committee of District Committees for every burgh with a population of 10,000 or upwards, and every urban district with a population of 20,000 or upwards. The duties of the Committees are to administer the whole Act so far as Post Office or Deposit Contributors are concerned, and to administer the Medical and Sanatorium Benefits so far as Approved Society Contributors are concerned (debiting, of course, each particular Society with the amounts expended in these benefits on behalf of the Society's members). The administration of the Medical Benefit will involve the fixing of the remuneration payable per head to each doctor in respect of the patients on his list, the preparation of the local panels, the arrangement of terms with chemists for the supply of drugs, and the determination of an income limit for the purpose of demarcating those contributors who will have to provide their own medical attendance in return for a lump sum per year. It should be noticed, moreover, that the Insurance Committees will fix the various amounts available respectively for the administration of the benefits in question both to Approved Society Contributors and to Post Office Contributors. The Insurance Committees have also further powers which enable them not only to give education in hygiene, but also to institute enquiries with the object of making landlords, employers, and local authorities liable for insanitary conditions arising from their negligence.

Approved Societies

Of equal importance, however, to the Insurance Committees are the Approved Societies, which constitute an integral part of the working machinery of the Act. An Approved Society is a Society approved by the Commissioners and complying with the two essential conditions, that it is not carried on for gain, and that its constitution stipulates for its being subject to the absolute control of its members. There is no limit to the number of members, but small Societies must group themselves with other Societies, so that the total group constitutes a financial unit of at least 5000 members. All Approved Societies are obliged to give security to the Commissioners against any mishandling of the considerable funds which they have at their disposal. The principal Approved Societies are the Friendly Societies, existing at the beginning of the Act, and Societies specially formed to work the Act, and the special sections of the big Industrial Insurance Companies which have been specially formed for the business. These latter Societies form financially distinct entities to the Companies (because a profit must not be made out of working the Act), but fulfil the purpose of allowing the Companies to keep in touch with their policy-holders and thus preserve their existing business. We may also mention as Approved Societies, Collecting Societies, Dividing Societies, Holloway Societies, and Deposit Societies. Trade Unions are enabled to turn their Sickness and Disablement relief machinery into an Approved Society by making it into a distinct financial entity from the rest of the Union. There are also provisions enabling Employers' Provident Funds to become Approved Societies.

In Scotland and Ireland, where the Friendly Society movement is not as advanced as in the rest of the United Kingdom, the County Councils have power to establish County Societies which are for all legal and practical purposes equivalent to Approved Societies.

The Approved Societies have the duty of administering the Sickness and Disablement Benefits provided by the Act, keeping, of course, proper accounts both of the various amounts expended and of the individual contributions paid in by each contributor. The result, moreover, of the Act has been to set free those reserve funds which were kept for the purpose of providing such benefits as have been now taken over by the Act. The funds thus unlocked are applicable for the benefit of the members of the Society on a fair scheme being prepared and duly approved by the Registrar of Friendly Societies. (See also Part III, Chapter V.)

In order to keep the various Approved Societies and their branches on a sound financial basis, an actuarial valuation takes place every three years. There are, moreover, provisions in the Act which provide for deficits in individual branches of a Society being made up by contributions from the

solvent branches; or if that is impossible, for deficits being gradually worked off by diminishing the benefits payable. Conversely, provision is made for the application of a surplus, where such exists, to the giving of additional benefits.

UNEMPLOYMENT INSURANCE

The Unemployment Insurance extends to all workmen, whatever their wages, primarily engaged in manual labour in the following *staple trades*, viz., Building, Construction of Works, Ship-building, Mechanical Engineering (including the manufacture of Ordnance and Firearms), Iron-founding, Construction of Vehicles, Sawmilling. The Board of Trade, on whom is imposed the duty of administering the Unemployment section of the Act, have a discretionary power to exclude any occupation subsidiary to an insured trade, and conversely to extend the operation of the Act to other trades.

Contributions

The contribution payable is 2½d. each per week by employer and employee for every week during which the employee is employed. In respect of a workman under eighteen the insurance rate is 1d. per week for both employer and employee. If a man is engaged for two days, the contribution will be 2d. for employer and 2d. for employee, and if for a day or a part of a day, 1d. The payment of the contributions is effected by stamps, and the employee's contribution is deducted from his wages in the same way as in Health Insurance. The Insurance is compulsory except as regards workmen in rural districts who are only occasionally engaged in an insured trade, in which case it is optional.

Where employment is effected through the medium of a Labour Exchange, provision is made by which each successive man engaged by the employer through the same Exchange, is treated as constituting the same insurance unit as his predecessor. Thus an employer engaging one workman for Monday and Tuesday, and another workman for Friday and Saturday, would pay 2d. in respect of each employee, if he engaged them in the ordinary way, but he would only pay 2½d. if he engaged them through the medium of a Labour Exchange. In such cases the employer will pay the wages plus his contribution direct to the Labour Exchange, which will attend to the requisite stamping formalities. No contributions are payable when a workman is out of employment.

Failure to pay contributions on the part either of employer or employee can be penalized by a police court fine not exceeding £10.

The State's contribution to the Unemployment Fund consists of one-third of the total contributions of employers and employees, whatever that sum may be. An employer is entitled to a refund of one-third of his contributions for the year made in respect of any workman whom he has employed continuously for a whole year, and in respect of whom not less than forty-five contributions have been paid during the period.

Benefits

Unemployment Benefit consists of 7s. a week during unemployment for a period not exceeding fifteen weeks in any one year, and commenced on 15 January, 1913, or six months after contributions became payable. A workman, moreover, must have served in the trade for a total period of twenty-six weeks, either continuous or split up, to entitle him to Unemployment Benefit. Workmen between 16 and 17 receive no Unemployment Benefit at all, and workmen between 17 and 18 one half of the ordinary benefit. No workman can receive more Unemployment Benefit than in the proportion of one week's benefit for every five contributions. For this purpose the 1d. contribution paid in respect of work of one day or less (and the 1d. contribution paid by a workman under 18) will count as two-fifths of a weekly contribution, and the 2d. paid in respect of a period of two days or more will count as four-fifths of a weekly contribution. In cases where a workman over 60 has paid contributions for five hundred weeks or upwards, and has received less in Unemployment Benefit than the amount of his personal contributions, he is entitled to recover back the balance with interest at 2½ per cent.

In cases where the men are being worked "short time", the Board of Trade has power to refund the contributions payable by both employer and employee. It should be noticed also that Unemployment Benefit is only payable in cases of continuous unemployment, viz., unemployment for

two periods of not less than two days each, separated by an interval of not more than two days, during which interval the workman has not been employed for more than one day; or unemployment during two separate weeks, separated by an interval of not more than six weeks. The workman must be capable of work but unable to obtain suitable employment. He will not be obliged to accept an offer of work vacant owing to a trade dispute, or to work for wages or under conditions less favourable than he has been used to, which have been observed in the district in the ordinary conditions of fair employment. Any workman who either leaves a job voluntarily or is discharged owing to his own misconduct is debarred from receiving any Unemployment Benefit for a period of six weeks. No benefit is payable in respect of unemployment caused by a strike or lock-out, or while a workman is in receipt of Sickness or Disablement Benefit.

Administration

While the Unemployment Benefit of non-unionists is administered directly by the Board of Trade, acting through the Labour Exchanges, the machinery of the Trade Unions is utilized so far as is feasible for administering the Unemployment Benefit of unionists. Thus, where a Trade Union of an insured trade already gives unemployment benefit, the members can receive their Unemployment Benefit directly from the Union, and the Union can recover from the Unemployment Fund the aggregate amount which would in the ordinary way have been payable to the men as Unemployment Benefit. This aggregate, however, must in no case exceed three-quarters of the

amount which the Union has paid out. In other words, for every 7s. which the Union recovers back, it must have distributed in Unemployment Benefit 9s. 4d. Quite irrespective of the provisions to which we have already referred, the Board of Trade has, subject to the consent of the Treasury, a discretionary power to make a grant of money to any voluntary Association not carried on for profit which gives Unemployment Benefit to its members. Such grant is limited to the maximum of one-sixth of the total money expended in that way, and may be made to Associations of the workmen of any trade, whether belonging to the seven insured trades or not.

Questions as to the validity of claims are in the first case dealt with by Insurance Officers appointed by the Board of Trade, subject to an appeal to a special Court of Referees consisting of representatives of employers and workmen and a chairman appointed by the Board of Trade. From these Courts the Insurance Officer has a final appeal to an Umpire appointed by the Sovereign.

In the event of the Unemployment Fund becoming actuarially insolvent, the Board of Trade has power to increase the rates payable up to a maximum of 3d. per week, and to reduce the benefit, though not below a minimum of 5s. a week. Apart from this special power the Board of Trade has, after a period of seven years, power to vary the rates of contribution for any individual insured trade or any branch of one.

The Unemployment and Health Parts of the Insurance Act are mutually independent, and participation in one form of insurance in no way involves any exemption from such obligations as may exist with regard to the other form of insurance.

OFFICE ROUTINE

Health Insurance

It will be necessary that some system of recording particulars in respect to insured persons be adopted, not only from the employer's point of view, but in order that the Inspectors under the Act may be satisfied that the proper contributions are being made and accounted for.

It is proposed to give some rulings for schedules to be kept in the office to form a record of every

person in employment whether that person is an insured person or not.

The first thing a business man will require to do will be to find out who are and who are not insured persons in his employment. For this purpose a register should be kept of all employees, and the information for this register could be compiled from a card filled up by every person in employment. A suitable card for this purpose would be as follows:—

WORK No.

NATIONAL INSURANCE ACT, 1911

Name*Address**Day and Year of Birth*

The card could be printed on different coloured papers for separate departments of the factory or works.

From this card other forms, to be hereafter explained, can be prepared which will enable an employer to see at any time how an employee stands in reference to contributions under the Act.

These cards can be filed in a card cabinet.

No one under sixteen years of age is an insured

person, therefore it will be necessary to keep a schedule of all such persons so that when the employee reaches sixteen years of age the proper contributions may be made in respect of such a person. For this purpose a schedule should be prepared that will show at a glance when such young people become insured persons. A schedule with a ruling like the following to give the necessary information should suffice:—

LIST OF EMPLOYEES UNDER SIXTEEN YEARS OF AGE IN RESPECT OF WHOM
NO CONTRIBUTIONS ARE TO BE PAID BY EMPLOYER OR EMPLOYEE

Worker's Number.	NAME	Date of Birth		Insurance Commences	REMARKS.
22	James Gardner.	Jan.	22	1895 1914	

A schedule should be kept of the persons between the ages of sixteen and twenty-one in respect of whom the full contributions are payable. This is necessary, because when twenty-one years

of age is reached contributions may vary as between employer, employee, and the State, in terms of Clause 4 (1), Schedule II, Part I of the Act.

A suitable ruling for the purpose is as follows:—

LIST OF EMPLOYEES OVER SIXTEEN YEARS OF AGE AND UNDER TWENTY-
ONE YEARS OF AGE IN RESPECT OF WHOM THE FULL CONTRIBUTIONS ARE
PAYABLE

Worker's Number.	NAME	Date of Birth		When Age 21.	REMARKS.
27	John Jones	Dec.	9	1895 1916	

There should also be a schedule of the persons | in respect of whom the full contributions are payable. It may be ruled as follows:—

LIST OF EMPLOYEES OVER TWENTY-ONE YEARS OF AGE AND UNDER SEVENTY YEARS OF AGE IN RESPECT OF WHOM THE FULL CONTRIBUTIONS ARE PAYABLE

Worker's Number.	NAME.	Date of Birth			When Age 70.	REMARKS.
16	James Reid.....	Dec.	19	1845	1915	

Another schedule will show the persons over | or 2s. 6d. a working day respectively. The following is a suitable ruling:—

LIST OF EMPLOYEES OVER TWENTY-ONE YEARS OF AGE WHOSE REMUNERATION DOES NOT EXCEED 1s. 6d., 2s., OR 2s. 6d. A WORKING DAY RESPECTIVELY

Worker's Number.	NAME	Date of Birth.			Rate of Remuneration	REMARKS.
142	Lizzie Moore	June	13	1891	11s. 6d.	

There must also be a schedule of the persons who are exempt, and in respect of whom the employer's contribution only is payable. E.g.:—

LIST OF EMPLOYEES WHO ARE EXEMPT, AND IN RESPECT OF WHOM EMPLOYER'S CONTRIBUTION ONLY IS PAYABLE

Worker's Number	NAME	Date of Birth			Date of Exemption Certificate			REMARKS.
72	James Welch.....	Jan.	26	1890	Aug.	26	1912	

It is necessary to have also a schedule of the persons over seventy years of age, and in respect of whom no contributions are payable:—

LIST OF EMPLOYEES OVER SEVENTY YEARS OF AGE, AND IN RESPECT OF WHOM NO CONTRIBUTIONS ARE PAYABLE BY EMPLOYER OR EMPLOYEE

Worker's Number.	NAME.	Date of Birth.			When Age 70.	REMARKS.
117	Richard Green.....	Jan.	21	1840	1910	

It may also be considered necessary, where there is any large number, to prepare schedules for those employees who become employed after attaining the age of sixty-five and have not previously been insured persons, and in respect of whom employers' contributions only are payable; and also for those employees between sixteen and seventy years of age whose rate of remuneration is more than £160 per annum, not engaged in manual labour, in respect of whom no contributions are payable by employer or employee.

From the foregoing schedules a schedule could be prepared for the wages clerk wherein the infor-

mation could be gathered each week in respect to contributions to be made by employer and employee respectively. This schedule could be prepared immediately after the pay just concluded, and could be ready for the next pay, when all the wages clerk would have to do would be to enter in the wages book, in the proper columns, the amount of the contributions. This would be found most useful, for wages clerks, as a rule, have little enough time in which to prepare the wages book, and if the proper contributions have been arranged beforehand it would greatly facilitate their work. A sample ruling follows:—

CONTRIBUTION SCHEDULE

Worker's Number.	NAME.	† Group.	Rate of Wages.	Over 21 Years of Age and Earning			Age 16-70 Full Rate.	Exempt.	CONTRIBUTIONS.	
				Less than 1s. 6d. per Day.	1s. 6d. 2s.	2s. 6d.			Employee.	Employer.
33	James Wood..	1							d.	d.
64	Wm. Jack..	2					x	x	4	3
106	John Jones.....	3					x		4	3
150	Lizzie Moore...	3	11s.		x				1	4
155	Mary Leitch....	3	P*			x			3	3
156	Janet Moore.....	3	P		x				1	4
206	Robert White.....	4						x	—	—

* P = Pieceworker.

† Group 1. Under 16 years of age

" 2. Over 16 and under 21 years of age.

" 3. Over 21 and under 70 years of age.

" 4. Over 70 years of age.

A simple ruling for a wages book is given:—

[illegible]

A very good plan is to write in red ink in column 8 of the wages book the amount to be paid to the employee. Where there are so many figures in the book, the clerk, if pressed for time, might lift the wrong figure and pay the wrong amount, whereas if the rule is that the amount to be paid is the one written in red ink there is less liability to error.

The foregoing schedules are given as specimens of rulings, which are suggestive, and may be modified to suit the special requirements of any business.

Unemployment Insurance

Where the business is one which also comes under Part II of the Act, it will be necessary to amplify the foregoing schedules in order that the necessary information should be readily available. Care should be taken that records are kept of regular employment of employees under this part of the Act, in order that employers may avail themselves of the rebate to be allowed in terms of Section 94 of the Act. (See also Regulation 23 of Statutory Rules and Orders, 1912, No. 458.)

Keeping of Cards

The Contribution Cards will usually be left with the employer during the currency of the card or the time of employment, and should be filed alphabetically in a card cabinet. Where the employee comes under Parts I and II of the Act, a good plan is to have an envelope into which both cards are placed, and the envelope filed in a card cabinet either alphabetically or numerically.

Stamping of Contribution Cards

There are two principal methods of stamping the Contribution Cards. The first method is by

putting on a stamp every week, and the second method is that of quarterly stamping. The second method is only permitted on certain conditions laid down by the Insurance Commissioners, whose sanction to the arrangement must first be obtained.

The quarterly stamping arrangement is only applicable to the cards of employees who have agreed with the employer to deposit their cards with him during the period of the currency of the cards, and the arrangement can in no case be made for less than 100 employed persons, but it may be adopted by an employer as regards a substantial number of his employees, notwithstanding that other employees remain outside the arrangement.

When permission is granted to an employer to adopt the arrangement, the following conditions, among others, will apply:—

If the arrangement does not apply to all the employees in respect of whom contributions are payable by the employer, the employer must keep his books in such a form as will clearly show the persons to whom the arrangement is applicable, and keep the cards of such persons separate from the cards of other employed persons to whom the arrangement does not apply.

The employer will be required at the commencement of the arrangement to send to the Commissioners a declaration stating the estimated number of employed persons to whom the arrangement is to apply.

The employer will be required, in order that the conditions of the Act as to payment of contributions may be complied with, to make periodical remittances to the Commissioners of amounts sufficient to cover the full contributions payable in respect of employees to whom the arrangement applies. An employer who complies with the conditions of the arrangement will be deemed to have paid the contributions at the due time, but it must be clearly understood that unless a deposit equal to the amount of the joint contributions of the

employer and the employees is received by the Commissioners before the wages are paid, the employer is not entitled under the Act to deduct the employees' share of the joint contributions from their wages. An employer who proposes to employ a considerable number of additional employees during any week should therefore safeguard his position by increasing the remittance.

In making application for permission to adopt the arrangement, the employer must state whether he wishes to make such remittances weekly or quarterly in advance. In no case will a remittance of less than £10 be accepted.

If the employer elects to make remittances weekly, he will be required to state the first day in the week on which wages are regularly paid, and during the quarter to remit weekly to the Commissioners four days before that day the amount of the weekly deposit as adjusted in terms hereinafter explained. In the twelfth week he will be required to send a requisition, on a prescribed form, for the stamps necessary to stamp the cards of all his employees to whom the arrangement applies, for the quarter. If necessary, a remittance sufficient with his previous remittances to pay for the stamps demanded must be sent before the stamps can be forwarded by the Commissioners. The remittance for the last week in the quarter must be received before the stamps requisitioned will be issued.

The first remittance will be ascertained by calculating the total amount due for one week in respect of the estimated number of employees at the full rate of 7d. in the case of men and 6d. in the case of women.

The second week's remittance will be the exact amount of contributions (employer's and employees') payable in respect of the employees to whom the arrangement applies during the first week. This sum should be readily ascertainable from the employer's books. In each succeeding week the remittance will be the sum actually payable for the preceding week.

At the end of each quarter the employer must send to the Commissioners a statement of the total amount of the contributions for the quarter, in respect of the employees to whom the arrangement applies.

In the case of an employee leaving his employment in the course of the quarter or being tempo-

rarily suspended, the employer will affix to the cards of such employee stamps sufficient to make payment of all contributions due in respect of such employee at the date of the termination of the employment or suspension, and will hand the card to the employee.

If an employee claims at any time in the course of the quarter to have his card stamped to date, the employer will comply with the request, and for that purpose will affix to the card the necessary stamps.

The employer will affix stamps to all the cards of the employees to whom the arrangement applies (except any cards already stamped), in payment of all contributions payable for the quarter, cancel the stamps, and return the cards duly stamped to the employees. The date appearing on the stamp for the purposes of cancellation must in all cases be the date on which the stamp is affixed and cancelled (not the date upon which the contribution becomes payable).

Stamps will be supplied by the Commissioners only once a quarter. Any additional stamps required must be obtained from the Post Office in ordinary course.

It will readily be understood that this quarterly stamping arrangement will save a great amount of clerical work. The contribution cards are received from the employees at the beginning of the quarter and carefully filed in a card cabinet, where they lie undisturbed until the end of the quarter. Thus, instead of requiring to handle, affix, and cancel the stamps on the cards thirteen times in the quarter, only one handling, &c., is necessary.

To comply with the requirement that the employees must agree to deposit their cards with the employer during the currency of the quarter, a notice to the following effect affixed to the notice board of the factory or works should suffice:—

NATIONAL INSURANCE ACT, 1911

In view of the permission granted by the National Health Insurance Commissioners to allow of stamping of Contribution Cards quarterly, it is necessary, in order to comply with the regulations, that Employees deposit their cards with the Employers during the currency of the card. If any Employee has an objection to depositing his or her card, the Employee is requested to give notice of his or her objection to the not later than

V. REGULATIONS FOR PREVENTING COLLISIONS AT SEA, AND RULES AS TO SIGNALS OF DISTRESS

In dealing with Provisions for Safety of Ships at Sea in Part VI, Chapter V, it was stated that regulations were made by Order in Council for preventing collisions, for regulating speed in fog, lights and colours, distress signals, &c. It will be as well to set out these Consolidated Regulations as issued in 1910 (White Paper, No. 1113). They are issued under Sections 424, 434, 734, and 738 of the Merchant Shipping Act, 1894, and apply not only to British ships, but by international agreement to the ships of certain foreign countries, whether within the limits of British jurisdiction

or not, with the exception in regard to Chinese ships that the Regulations and Rules only apply to ships of foreign type. The foreign countries to which the Rules (subject to certain exceptions mentioned) apply are the following:—

Argentine Republic, Austria-Hungary, Belgium, Brazil, Bulgaria, Chile, China, Costa Rica, Denmark, Ecuador, Egypt, France, Germany, Greece, Guatemala, Italy, Japan, Mexico, Netherlands, Norway, Peru, Portugal, Roumania, Russia, Siam, Spain, Sweden, Turkey, United States, Venezuela

THE RULES

These Rules must be followed by all vessels upon the high seas and in all waters connected therewith, navigable by sea-going vessels.

Every steam vessel which is under sail and not under steam is considered a sailing vessel, and every vessel under steam, whether under sail or

not, is considered a steam vessel. The word "steam vessel" includes any vessel propelled by machinery. A vessel is "under way" within the meaning of these Rules, when she is not at anchor, or made fast to the shore or aground.

RULES CONCERNING LIGHTS, ETC.

[The word "visible" in these Rules, when applied to lights, means visible on a dark night with a clear atmosphere.]

Article 1. The Rules concerning lights shall be complied with in all weathers from sunset to sunrise, and during such time no other lights which may be mistaken for the prescribed lights shall be exhibited.

Article 2. A *steam vessel when under way* shall carry—

(a) On or in front of the foremast, or if a vessel without a foremast, then in the fore part of the vessel, at a height above the hull of not less than

20 feet, and if the breadth of the vessel exceeds 20 feet, then at a height above the hull not less than such breadth, so, however, that the light need not be carried at a greater height above the hull than 40 feet, a bright white light, so constructed as to show an unbroken light over an arc of the horizon of 20 points of the compass, so fixed as to throw the light 10 points on each side of the vessel, viz., from right ahead to 2 points abaft the beam on either side, and of such a character as to be visible at a distance of at least 5 miles.

(b) On the starboard side a green light so constructed as to show an unbroken light over an arc

of the horizon of 10 points of the compass, so fixed as to throw the light from right ahead to two points abaft the beam on the starboard side, and of such a character as to be visible at a distance of at least 2 miles.

(c) On the port side a red light so constructed as to show an unbroken light over an arc of the horizon of 10 points of the compass, so fixed as to throw the light from right ahead to 2 points abaft the beam on the port side, and of such a character as to be visible at a distance of at least 2 miles.

(d) The said green and red side-lights shall be fitted with inboard screens projecting at least 3 feet forward from the light, so as to prevent these lights from being seen across the bow.

(e) A steam vessel when under way may carry an additional white light similar in construction to the light mentioned in subdivision (a). These two lights shall be so placed in line with the keel that one shall be at least 15 feet higher than the other, and in such a position with reference to each other that the lower light shall be forward of the upper one. The vertical distance between these lights shall be less than the horizontal distance.

Article 3. *A steam vessel when towing another vessel* shall, in addition to her side-lights, carry two bright white lights in a vertical line one over the other, not less than 6 feet apart, and when towing more than one vessel shall carry an additional bright white light 6 feet above or below such lights, if the length of the tow, measuring from the stern of the towing vessel to the stern of the last vessel towed, exceeds 600 feet. Each of these lights shall be of the same construction and character, and shall be carried in the same position as the white light mentioned in Article 2 (a), except the additional light, which may be carried at a height of not less than 14 feet above the hull.

Such steam vessel may carry a small white light abaft the funnel or aftermast for the vessel towed to steer by, but such light shall not be visible forward of the beam.

Article 4 (a). *A vessel which from any accident is not under command* shall carry at the same height as the white light mentioned in Article 2 (a), where they can best be seen, and, if a steam vessel, in lieu of that light, two red lights, in a vertical line one over the other, not less than 6 feet apart, and of such a character as to be visible all round the horizon at a distance of at least 2 miles; and shall by day carry in a vertical line one over the other not less than 6 feet apart, where they can best be seen, two black balls or shapes each 2 feet in diameter.

(b) *A vessel employed in laying or in picking up a telegraph cable* shall carry in the same position as the white light mentioned in Article 2 (a), and, if a steam vessel, in lieu of that light, three lights in a vertical line one over the other, not less than 6 feet apart. The highest and lowest of these lights shall be red, and the middle light shall be white, and they shall be of such a character as to be visible all round the horizon at a distance of at least 2 miles. By day she shall carry in a vertical line one over the other, not less than 6 feet apart, where they can best be seen, three shapes not less than 2 feet in diameter, of which the highest and lowest shall be globular in shape and red in colour, and the middle one diamond in shape and white.

(c) The vessels referred to in this Article when not making way through the water shall not carry the side-lights, but when making way shall carry them.

(d) The lights and shapes required to be shown by this Article are to be taken by other vessels as signals that the vessel showing them is not under command and cannot therefore get out of the way.

These signals are not signals of vessels in distress and requiring assistance. Such signals are contained in Article 31.

Article 5. *A sailing vessel under way, and any vessel being towed*, shall carry the same lights as are prescribed by Article 2 for a steam vessel under way, with the exception of the white lights mentioned therein, which they shall never carry.

Article 6. Whenever, as in the case of *small vessels under way during bad weather*, the green and red side-lights cannot be fixed, these lights shall be kept at hand lighted and ready for use; and shall, on the approach of or to other vessels, be exhibited on their respective sides in sufficient time to prevent collision, in such manner as to make them most visible, and so that the green light shall not be seen on the port side nor the red light on the starboard side, nor, if practicable, more than 2 points abaft the beam on their respective sides.

To make the use of these portable lights more certain and easy, the lanterns containing them shall each be painted outside with the colour of the light they respectively contain, and shall be provided with proper screens.

Article 7. *Steam vessels of less than 40, and vessels under oars or sails of less than 20, tons gross tonnage, respectively, and rowing boats, when under way*, shall not be obliged to carry the lights mentioned in Article 2 (a) (b) and (c), but if they do not carry them they shall be provided with the following lights:—

1. Steam vessels of less than 40 tons shall carry:

(a) In the fore part of the vessel, or on or in front of the funnel, where it can best be seen, and at a height above the gunwale of not less than 9 feet, a bright white light constructed and fixed as prescribed in Article 2 (a), and of such a character as to be visible at a distance of at least 2 miles.

(b) Green and red side-lights constructed and fixed as prescribed in Article 2 (b) and (c), and of such a character as to be visible at a distance of at least 1 mile, or a combined lantern showing a green light and a red light from right ahead to 2 points abaft the beam on their respective sides. Such lantern shall be carried not less than 3 feet below the white light.

2. Small steamboats, such as are carried by seagoing vessels, may carry the white light at a less height than 9 feet above the gunwale, but it shall be carried above the combined lantern, mentioned in sub-division 1 (b).

3. Vessels under oars or sails, of less than 20 tons, shall have ready at hand a lantern with a green glass on one side and a red glass on the other, which, on the approach of or to other vessels, shall be exhibited in sufficient time to prevent collision, so that the green light shall not be seen on the port side nor the red light on the starboard side.

4. Rowing boats, whether under oars or sail, shall have ready at hand a lantern showing a white light, which shall be temporarily exhibited in sufficient time to prevent collision.

The vessels referred to in this Article shall not be obliged to carry the lights prescribed by Article 4 (a), and Article 11, last paragraph.

Article 8. *Pilot-vessels*, when engaged on their station on pilotage duty, shall not show the lights required for other vessels, but shall carry a white light at the masthead, visible all round the horizon, and shall also exhibit a flare-up light or flare-up lights at short intervals, which shall never exceed fifteen minutes.

On the near approach of or to other vessels they shall have their side-lights lighted, ready for use, and shall flash or show them at short intervals, to indicate the direction in which they are heading, but the green light shall not be shown on the port side, nor the red light on the starboard side.

A pilot-vessel of such a class as to be obliged to go alongside of a vessel to put a pilot on board, may show the white light instead of carrying it at the masthead, and may, instead of the coloured lights above mentioned, have at hand ready for use

a lantern with a green glass on the one side and a red glass on the other, to be used as prescribed above.

A steam pilot-vessel exclusively employed for the service of pilots licensed or certified by any pilotage authority or the Committee of any pilotage district, when engaged on her station on pilotage duty and not at anchor, shall, in addition to the lights required for all pilot boats, carry at a distance of 8 feet below her white masthead light a red light visible all round the horizon, and of such a character as to be visible on a dark night with a clear atmosphere at a distance of at least 2 miles, and also the coloured side-lights required to be carried by vessels when under way.

When engaged on her station on pilotage duty and at anchor she shall carry, in addition to the lights required for all pilot boats, the red light above mentioned, but not the coloured side-lights.

Pilot-vessels, when not engaged on their station on pilotage duty, shall carry lights similar to those of other vessels of their tonnage.

Article 9 * *Fishing-vessels and fishing-boats*, when under way and when not required by this Article to carry or show the lights hereinafter specified, shall carry or show the lights prescribed for vessels of their tonnage under way.

(a) Open boats, by which it is to be understood boats not protected from the entry of sea water by means of a continuous deck, when engaged in any fishing at night with outlying tackle extending not more than 150 feet horizontally from the boat into the seaway, shall carry one all-round white light

Open boats, when fishing at night, with outlying tackle extending more than 150 feet horizontally from the boat into the seaway, shall carry one all-round white light, and in addition, on approaching or being approached by other vessels, shall show a second white light at least 3 feet below the first light and at a horizontal distance of at least 5 feet away from it in the direction in which the outlying tackle is attached.

(b) Vessels and boats, except open boats as defined in sub-division (a), when fishing with drift-nets, shall, so long as the nets are wholly or partly in the water, carry two white lights where they can best be seen. Such lights shall be placed so that the vertical distance between them shall be not less than 6 feet and not more than 15 feet, and so that the horizontal distance between them, measured in a line with the keel, shall be not less than 5 feet and not more than 10 feet. The lower

* This article does not apply to Chinese or Siamese vessels.

† Dutch vessels and boats when engaged in the "kol", or hand-line, fishing will carry the lights prescribed for vessels fishing with drift-nets.

of these two lights shall be in the direction of the nets, and both of them shall be of such a character as to show all round the horizon, and to be visible at a distance of not less than 3 miles.

Within the Mediterranean Sea* and in the seas bordering the coasts of Japan and Korea† sailing fishing vessels of less than 20 tons gross tonnage shall not be obliged to carry the lower of these two lights; should they, however, not carry it, they shall show in the same position (in the direction of the net or gear) a white light, visible at a distance of not less than one sea mile, on the approach of or to other vessels.

(c) Vessels and boats, except open boats as defined in sub-division (a), when line-fishing with their lines out and attached to or hauling their lines, and when not at anchor or stationary within the meaning of sub-division (h), shall carry the same lights as vessels fishing with drift-nets. When shooting lines, or fishing with towing lines, they shall carry the lights prescribed for a steam or sailing vessel under way respectively.

Within the Mediterranean Sea* and in the seas bordering the coasts of Japan and Korea† sailing fishing vessels of less than 20 tons gross tonnage shall not be obliged to carry the lower of these two lights; should they, however, not carry it, they shall show in the same position (in the direction of the lines) a white light, visible at a distance of not less than one sea mile on the approach of or to other vessels.

(d) Vessels, when engaged in trawling, by which is meant the dragging of an apparatus along the bottom of the sea—

1. If steam vessels, shall carry in the same position as the white light mentioned in Article 2 (a), a tricoloured lantern so constructed and fixed as to show a white light from right ahead to 2 points on each bow, and a green light and a red light over an arc of the horizon from 2 points on each bow to 2 points abaft the beam on the starboard and port sides respectively; and not less than 6 nor more than 12 feet below the tricoloured lantern a white light in a lantern, so constructed as to show a clear, uniform, and unbroken light all round the horizon.

2. If sailing vessels, shall carry a white light in a lantern, so constructed as to show a clear, uniform, and unbroken light all round the horizon, and shall also, on the approach of or to other vessels, show where it can best be seen a white flare-up light or torch in sufficient time to prevent collision.

* The expression "Mediterranean Sea" includes the Black Sea and the other adjacent inland seas in communication with it.

† Also, as regards Russian vessels, in the seas (excluding the Baltic) bordering the coasts of Russia.

All lights mentioned in sub-division (d) 1 and 2 shall be visible at a distance of at least 2 miles.

(e) Oyster dredgers and other vessels fishing with dredge-nets shall carry and show the same lights as trawlers.

(f) Fishing-vessels and fishing-boats may at any time use a flare-up light in addition to the lights which they are by this Article required to carry and show, and they may also use working lights.

(g) Every fishing-vessel and every fishing-boat under 450 feet in length, when at anchor, shall exhibit a white light visible all round the horizon at a distance of at least one mile.

Every fishing-vessel of 150 feet in length or upwards, when at anchor, shall exhibit a white light visible all round the horizon at a distance of at least one mile, and shall exhibit a second light as provided for vessels of such length by Article 11.

Should any such vessel, whether under 150 feet in length, or of 450 feet in length or upwards, be attached to a net or other fishing gear, she shall on the approach of other vessels show an additional white light at least 3 feet below the anchor light, and at a horizontal distance of at least 5 feet away from it in the direction of the net or gear.

(h) If a vessel or boat when fishing becomes stationary in consequence of her gear getting fast to a rock or other obstruction, she shall in daytime haul down the day-signal required by sub-division (k), at night show the light or lights prescribed for a vessel at anchor; and during fog, mist, falling snow, or heavy rain-storms make the signal prescribed for a vessel at anchor. (See sub-division (d), and the last paragraph, of Article 15.)

(i) In fog, mist, falling snow, or heavy rain-storms, drift-net vessels attached to their nets, and vessels when trawling, dredging, or fishing with any kind of drag-net, and vessels line fishing with their lines out, shall, if of 20 tons gross tonnage or upwards, respectively, at intervals of not more than one minute make a blast; if steam vessels, with the whistle or siren, and if sailing vessels, with the fog-horn; each blast to be followed by ringing the bell. Fishing vessels and boats of less than 20 tons gross tonnage shall not be obliged to give the above-mentioned signals, but if they do not, they shall make some other efficient sound signal at intervals of not more than one minute.

(k) All vessels or boats fishing with nets or lines or trawls, when under way, shall in daytime indicate their occupation to an approaching vessel by displaying a basket or other efficient signal where it can best be seen. If vessels or boats at anchor have their gear out, they shall, on the approach of other vessels, show the same signal on the side on which those vessels can pass.

The vessels required by this Article to carry or show the lights hereinbefore specified shall not be obliged to carry the lights prescribed by Article 4 (a), and the last paragraph of Article 11.

Article 10. *A vessel which is being overtaken by another shall show from her stern to such last-mentioned vessel a white light or a flare-up light.*

The white light required to be shown by this Article may be fixed and carried in a lantern, but in such case the lantern shall be so constructed, fitted, and screened that it shall throw an unbroken light over an arc of the horizon of 12 points of the compass, viz., for 6 points from right aft on each side of the vessel, so as to be visible at a distance of at least 1 mile. Such lights shall be carried as nearly as practicable on the same level as the side-lights.

Article 11. *A vessel under 150 feet in length, when at anchor, shall carry forward, where it can best be seen, but at a height not exceeding 20 feet above the hull, a white light in a lantern so constructed as to show a clear, uniform, and unbroken light visible all round the horizon at a distance of at least 1 mile.*

A vessel of 150 feet or upwards in length, when at anchor, shall carry in the forward part of the vessel, at a height of not less than 20, and not

exceeding 40, feet above the hull, one such light, and at or near the stern of the vessel, and at such a height that it shall be not less than 15 feet lower than the forward light, another such light.

The length of a vessel shall be deemed to be the length appearing in her certificate of registry.

A vessel aground in or near a fairway shall carry the above light or lights and the two red lights prescribed by Article 4 (a).

Article 12. *Every vessel may, if necessary in order to attract attention, in addition to the lights which she is by these Rules required to carry, show a flare-up light or use any detonating signal that cannot be mistaken for a distress signal.*

Article 13. Nothing in these Rules shall interfere with the operation of any special rules made by the Government of any nation with respect to additional station and signal lights for two or more ships of war or for vessels sailing under convoy, or with the exhibition of recognition signals adopted by shipowners, which have been authorized by their respective Governments and duly registered and published.

Article 14. *A steam vessel proceeding under sail only, but having her funnel up, shall carry in daytime, forward, where it can best be seen, one black ball or shape 2 feet in diameter.*

SOUND SIGNALS FOR FOG, ETC.

Article 15. All signals prescribed by this Article for vessels under way shall be given.

1. By *steam vessels*, on the whistle or siren.

2. By *sailing vessels and vessels towed*, on the fog-horn.

The words "prolonged blast" used in this Article shall mean a blast of from 4 to 6 seconds' duration.

A *steam vessel* shall be provided with an efficient whistle or siren, sounded by steam or some substitute for steam, so placed that the sound may not be intercepted by any obstruction, and with an efficient fog-horn, to be sounded by mechanical means, and also with an efficient bell.* A sailing vessel of 20 tons gross tonnage or upwards shall be provided with a similar fog-horn and bell.

In fog, mist, falling snow, or heavy rain-storms, whether by day or night, the signals described in this Article shall be used as follows, viz. :—

(a) *A steam vessel having way upon her*, shall sound, at intervals of not more than 2 minutes, a prolonged blast.

(b) *A steam vessel under way, but stopped and having no way upon her*, shall sound, at intervals of not more than 2 minutes, 2 prolonged blasts, with an interval of about 1 second between them.

(c) *A sailing vessel under way shall* sound, at intervals of not more than 1 minute, when on the starboard tack 1 blast, when on the port tack 2 blasts in succession, and when with the wind abaft the beam 3 blasts in succession.

(d) *A vessel, when at anchor*, shall, at intervals of not more than 1 minute, ring the bell rapidly for about 5 seconds.

(e) *A vessel, when towing, a vessel employed in laying or in picking up a telegraph cable, and a vessel under way, which is unable to get out of the way of an approaching vessel through being not under command, or unable to manœuvre as required by these Rules*, shall, instead of the signals prescribed in sub-divisions (a) and (c) of this Article, at intervals of not more than 2 minutes, sound 3 blasts in succession, viz. :

1 prolonged blast followed by 2 short blasts. A vessel towed may give this signal and she shall not give any other.

Sailing vessels and boats of less than 20 tons

* In all cases where the Rules require a bell to be used, a drum may be substituted on board Turkish vessels, or a gong where such articles are used on board small sea-going vessels

gross tonnage shall not be obliged to give the above-mentioned signals, but if they do not, they

shall make some other efficient sound signal at intervals of not more than 1 minute.*

SPEED OF SHIPS TO BE MODERATE IN FOG, ETC.

Article 16. Every vessel shall, in a fog, mist, falling snow, or heavy rain-storms, go at a moderate speed, having careful regard to the existing circumstances and conditions.

A steam vessel hearing, apparently forward of

her beam, the fog-signal of a vessel the position of which is not ascertained, shall, so far as the circumstances of the case admit, stop her engines, and then navigate with caution until danger of collision is over.

STEERING AND SAILING RULES: RISK OF COLLISION

Risk of collision can, when circumstances permit, be ascertained by carefully watching the compass bearing of an approaching vessel. If the bearing does not appreciably change, such risk should be deemed to exist.

Article 17. When two *sailing vessels* are approaching one another, so as to involve risk of collision, one of them shall keep out of the way of the other, as follows, viz.:—

(a) A vessel which is running free shall keep out of the way of a vessel which is close-hauled.

(b) A vessel which is close-hauled on the port tack shall keep out of the way of a vessel which is close-hauled on the starboard tack.

(c) When both are running free, with the wind on different sides, the vessel which has the wind on the port side shall keep out of the way of the other.

(d) When both are running free, with the wind on the same side, the vessel which is to windward shall keep out of the way of the vessel which is to leeward.

(e) A vessel which has the wind aft shall keep out of the way of the other vessel.

Article 18. When *two steam vessels* are meeting end on, or nearly end on, so as to involve risk of collision, each shall alter her course to starboard, so that each may pass on the port side of the other.

This Article only applies to cases where vessels are meeting end on, or nearly end on, in such a manner as to involve risk of collision, and does not apply to two vessels which must, if both keep on their respective courses, pass clear of each other.

The only cases to which it does apply are when each of the two vessels is end on, or nearly end on, to the other; in other words, to cases in which, by day, each vessel sees the masts of the other in a line, or nearly in a line, with her own; and, by night, to cases in which each vessel is in such a position as to see both the side-lights of the other.

It does not apply, by day, to cases in which a vessel sees another ahead crossing her own course, or by night, to cases where the red light of one vessel is opposed to the red light of the other, or where the green light of one vessel is opposed to the green light of the other, or where a red light without a green light, or a green light without a red light, is seen ahead, or where both green and red lights are seen anywhere but ahead.

Article 19. When *two steam vessels* are crossing, so as to involve risk of collision, the vessel which has the other on her own starboard side shall keep out of the way of the other.

Article 20. When a *steam vessel* and a *sailing vessel* are proceeding in such directions as to involve risk of collision, the steam vessel shall keep out of the way of the sailing vessel.

Article 21. Where by any of these Rules *one of two vessels is to keep out of the way*, the other shall keep her course and speed.

Note.—When, in consequence of thick weather or other causes, such vessel finds herself so close that collision cannot be avoided by the action of the giving way vessel alone, she also shall take such action as will best aid to avert collision. (See Articles 27 and 29.)

Article 22. *Every vessel which is directed by these Rules to keep out of the way of another vessel* shall, if the circumstances of the case admit, avoid crossing ahead of the other.

Article 23. *Every steam vessel which is directed by these Rules to keep out of the way of another vessel* shall, on approaching her, if necessary, slacken her speed, or stop, or reverse.

Article 24. Notwithstanding anything contained in these Rules, *every vessel, overtaking any other*, shall keep out of the way of the overtaken vessel.

* Dutch steam pilot-vessels, when engaged on their station on pilotage duty in fog, mist, falling snow, or heavy rain-storms are required to make, at intervals of 2 minutes at most, one long blast with the siren, followed after 1 second by a long blast with the steam whistle, and again after 1 second by a long blast on the siren. When not engaged on their station on pilotage duty, they make the same signals as other steamships.



THE GLASGOW
AND WEST OF
SCOTLAND
TECHNICAL
COLLEGE,
GLASGOW



THE HERIOT-WATT COLLEGE, EDINBURGH

Photo. Inq.

• Every vessel coming up with another vessel from any direction more than 2 points abaft her beam, i.e., in such a position, with reference to the vessel which she is overtaking, that at night she would be unable to see either of that vessel's side-lights, shall be deemed to be an overtaking vessel; and no subsequent alteration of the bearing between the two vessels shall make the overtaking vessel a crossing vessel within the meaning of these Rules, or relieve her of the duty of keeping clear of the overtaken vessel until she is finally past and clear.

As by day the overtaking vessel cannot always know with certainty whether she is forward or abaft this direction from the other vessel, she should, if in doubt, assume that she is an overtaking vessel and keep out of the way.

Article 25. In narrow channels every steam vessel shall, when it is safe and practicable, keep to that side of the fairway or midchannel which lies on the starboard side of such vessel.

Article 26. *Sailing vessels under way* shall keep out of the way of sailing vessels or boats fishing with nets or lines or trawls. This Rule shall not give to any vessel or boat engaged in fishing the right of obstructing a fairway used by vessels other than fishing vessels or boats.

Article 27. In obeying and construing these Rules, due regard shall be had to all dangers of navigation and collision, and to any special circumstances which may render a departure from the above Rules necessary in order to avoid immediate danger.

SOUND SIGNALS FOR VESSELS IN SIGHT OF ONE ANOTHER

Article 28. The words "short blast" used in this Article shall mean a blast of about one second's duration.

When vessels are in sight of one another, a *steam vessel under way*, in taking any course authorized or required by these Rules, shall indicate that course by the following signals on her whistle or siren, viz. —

One short blast to mean, "I am directing my course to starboard".

Two short blasts to mean, "I am directing my course to port".

Three short blasts to mean, "My engines are going full speed astern".

NO VESSEL UNDER ANY CIRCUMSTANCES TO NEGLECT PROPER PRECAUTIONS

Article 29. Nothing in these Rules shall exonerate any vessel, or the owner, or master, or crew thereof, from the consequences of any neglect to carry lights or signals, or of any neglect to keep a

proper look-out, or of the neglect of any precaution which may be required by the ordinary practice of seamen, or by the special circumstances of the

RULES FOR HARBOURS AND INLAND NAVIGATION

Article 30. Nothing in these Rules shall interfere with the operation of a special rule, duly made by

local authority, relative to the navigation of any harbour, river, or inland waters.

DISTRESS SIGNALS

Article 31. When a vessel is in distress and requires assistance from other vessels or from the shore, the following shall be the signals to be used or displayed by her, either together or separately, viz. —

In the daytime —

1. A gun or other explosive signal fired at intervals of about a minute.

2. The International Code signal of distress indicated by NC.

3. The distant signal, consisting of a square flag, having either above or below it a ball or anything resembling a ball.

4. A continuous sounding with any fog-signal apparatus.

At night —

1. A gun or other explosive signal fired at intervals of about a minute.

2. Flames on the vessel (as from a burning tar-barrel, oil-barrel, &c.).

3. Rockets or shells, throwing stars of any colour, or description, fired one at a time, at short intervals.

4. A continuous sounding with any fog-signal apparatus.

(See also as to Wireless Telegraphy, Part VI, Chapter V.)

VI. RULES FOR LIFE-SAVING APPLIANCES

The Draft Rules which were issued by the Board of Trade to come into force on 1 January, 1913, were subjected to a good deal of criticism at certain points. After their issue the Board received the Interim Report of the Departmental Committee on Boats and Davits (Cd. 6558), which contained various recommendations for alterations in the Draft Rules.

The following Rules (made by the Board of Trade under Section 427 of the Merchant Shipping Act,

1894) were issued under an Order in Council of 17 January, 1913, to come into operation on 1 March, 1913 (No. 442, white paper), subject to certain exceptions and the power of the Board of Trade to grant exceptions for the time.

For the purposes of these Rules, ships are arranged under the headings "Foreign-going" and "Home Trade", with classes the nature of which will be seen from the headings to each class.

FOREIGN-GOING SHIPS

Class I.—Foreign-going Passenger Steamers, including emigrant ships

Rule A.—A ship of this class shall carry lifeboats in such number and of such capacity as shall be sufficient to accommodate the total number of persons which is carried, or which the ship is certified to carry, whichever number is the greater.

The master or owner of a ship of this class claiming to carry on any voyage fewer lifeboats than will provide sufficient accommodation for all the persons for which the ship is certified, must declare before the Collector or other Officer of Customs, before the time of clearance, that the lifeboats actually carried will be sufficient to accommodate all persons that will be carried at any time during the voyage to foreign ports and the voyage back to the United Kingdom.

Rule B.—Where a ship of this class is required to carry more than four lifeboats, one or two boats of Section D, fitted with internal buoyancy, may be carried in lieu of the same number of lifeboats.

Rule C.—Subject to the provisions of General Rule 16 (1), a ship of this class shall be provided, in accordance with its length, with such number of sets of davits of approved form as is specified in the Table in Appendix A, and they shall be suitably

placed to the satisfaction of the Board of Trade. Each set of davits shall have a lifeboat attached to it. Provided that no ship shall be required to have a larger number of sets of davits than the number of boats required to accommodate the total number of persons which is carried, or which the ship is certified to carry, whichever number is the greater; Provided also, that appliances or arrangements at least as effective as davits for launching boats may be accepted by the Board of Trade in lieu of davits; Provided also that the Board of Trade may, where it appears to them necessary, having regard to the height at which the boats are carried above the centre of the load-line disc, and to the other circumstances of the case, require a ship of this class to carry in lieu of, or in addition to, davits, some other approved form of launching appliances, or such arrangements for launching boats, as may be, in their opinion, effective.

Rule D.—(1) All lifeboats which are directed by Rule C to be attached to davits shall be open lifeboats of Section A or Section B, except as provided by paragraph (5) of this Rule, and except that where boats of Section D are carried in accordance with Rule B they may be attached to davits.

(2) The additional lifeboats (if any) not directed to be attached to davits but required to make up

the total lifeboat accommodation may be either open or decked.

(3) All additional lifeboats shall be placed as readily available for attachment to davits as may be practicable.

(4) An additional lifeboat of Section C may be stowed under an open lifeboat of Section A or Section B which is attached to davits.

(5) If the open lifeboats attached to davits, together with the decked lifeboats stowed underneath them, in pursuance of the last paragraph, are not sufficient to provide the required lifeboat accommodation, decked lifeboats in sets of three, one over the other, the uppermost being attached to davits, may, if it is desired, be substituted for any of the open boats attached to davits and the decked lifeboats stowed thereunder, within the limits defined by the third column of the Table in Appendix A.

(6) Where additional lifeboats are stowed across a deck, bridge, or poop, means satisfactory to the Board of Trade shall be provided for their ready transfer to the ship's side and thence to the water.

Rule E.—All the boats shall be equipped as provided in the General Rules.

Rule F.—If the ship is under 400 feet in length, at least twelve approved lifebuoys shall be carried; if of 400 feet or over, but under 600 feet, at least eighteen approved lifebuoys shall be carried; if of 600 feet or over, but under 800 feet, at least twenty-four approved lifebuoys shall be carried; and if of 800 feet or over, at least thirty approved lifebuoys shall be carried.

Rule G.—One approved life-jacket or other approved article of equal buoyancy suitable to be worn on the body shall be carried for each person on board. A sufficient proportion of the life-jackets shall be of a size suitable for children.

Rule H.—If, in the case of an emigrant ship, over 10 per cent of the passengers to be carried on any particular voyage consist of children under the age of 12 years, the Emigration Officer shall divide by two the number of children under the age of 12 years carried in excess of that 10 per cent in arriving at the total number of persons for whom boat accommodation is to be provided for that voyage.

Rule I.—The Board of Trade may from time to time schedule certain voyages between specified ports or places outside the United Kingdom as being, for the purpose of these Rules, voyages of a nature similar to one or other of the classes of voyages within Home Trade limits provided for in the Rules.

If a foreign-going passenger steamer is permitted by the terms of the passenger certificate to carry, between specified ports or places abroad, a number

of passengers in addition to the number allowed when the ship is proceeding to sea from the United Kingdom, and such a voyage has been scheduled in accordance with the provisions of this Rule, that ship shall, so far as concerns the additional passengers carried between those ports or places, comply with the Rules applicable to the class of Home Trade voyage to which the voyage has been scheduled as similar.

Class II.—Foreign-going Steamships not certified to carry Passengers

Rule A.—A ship of this class shall carry on each side of the ship lifeboats in such number and of such capacity as will accommodate all persons on board; Provided that if the total number of lifeboats required under this Rule exceeds two, a boat of Section D may be carried in lieu of one of them; and if the number exceeds three, one or two boats of Section D may be carried in lieu of the same number of lifeboats. All the boats shall be equipped as provided in the General Rules.

Rule B.—The lifeboats shall be attached to davits, or other approved appliances at least as effective as davits shall be provided in lieu of davits.

Rule C.—At least six approved lifebuoys shall be carried, together with one approved life-jacket for each person on board.

Class III.—Foreign-going Sailing Ships carrying Passengers

Rule A.—A ship of this class shall carry lifeboats in such number and of such capacity as shall be sufficient to accommodate all persons on board; Provided that if the number of lifeboats required under this Rule exceeds two, a boat of Section D fitted with internal buoyancy may be carried in lieu of one of them. All the boats shall be equipped as provided in the General Rules.

Rule B.—All the lifeboats shall be attached to davits so far as practicable in the opinion of a Board of Trade Surveyor, or other approved appliances at least as effective as davits shall be provided in lieu of davits.

Rule C.—At least six approved lifebuoys shall be carried, together with one approved life-jacket for each person on board. A sufficient proportion of the life-jackets shall be of a size suitable for children.

Class IV.—Foreign-going Sailing Ships not carrying Passengers

Rule A.—A ship of this class shall carry life-

boats in such number and of such capacity as shall be sufficient to accommodate all persons on board; Provided that, if the number of lifeboats required under this Rule exceeds two, a boat of Section D may be carried in lieu of one of them. All the boats shall be equipped as provided in the General Rules.

Rule B.—Two boats at least shall be attached to davits, or other approved appliances at least as effective as davits shall be provided in lieu of davits.

Rule C.—At least four approved lifebuoys shall be carried, together with one approved life-jacket for each person on board.

HOME TRADE SHIPS

Class I.—Steamships holding a Passenger Steamer's Certificate authorizing them to carry Passengers anywhere within Home Trade Limits, i.e. between places in the British Islands (the United Kingdom, the Channel Islands, and the Isle of Man), or between the British Islands and the continent of Europe between the River Elbe and Brest inclusive.

Rule A.—Subject to the provisions of General Rule 16 (1), a ship of this class shall be provided in accordance with its length with such number of sets of davits of approved form as is specified in the Table in Appendix A, and they shall be suitably placed to the satisfaction of the Board of Trade; each set of davits shall have a lifeboat attached to it: Provided that no ship shall be required to have a larger number of sets of davits than the number of boats required to accommodate the total number of persons which the ship is certified to carry: Provided also that appliances or arrangements at least as effective as davits for launching boats may be accepted by the Board of Trade in lieu of davits.

Subject to the provisions of Rule C, the lifeboats attached to davits may be either open or decked, but no ship shall carry attached to davits a number of open lifeboats less than that specified in accordance with its length in the Table in Appendix A.

Rule B.—In a ship of this class launched on or after the 1st March, 1913, if the lifeboats attached to davits do not provide the total capacity specified in the Table in Appendix B, additional lifeboats shall be carried to make up that capacity, and they shall be stowed alongside or beneath the lifeboats attached to the davits: or in some other manner which is in the opinion of the Board of Trade at least as satisfactory.

Provided that no ship at whatever date launched shall be required to carry lifeboats of an aggregate capacity greater than is required to accommodate

the total number of persons which the ship is certified to carry.

Rule C.—Where a ship of this class is required to carry more than two lifeboats, a boat of Section D fitted with internal buoyancy may be carried in lieu of one of them, and where such a ship is required to carry more than three lifeboats, one of two boats of Section D, so fitted, may be carried in lieu of the same number of lifeboats.

Rule D.—All the boats shall be equipped as provided in the General Rules.

Rule E.—Subject to the provisions of General Rule 16 (2), if the lifeboats carried do not provide sufficient accommodation for the total number of persons which the ship is allowed by her ordinary passenger certificate to carry, approved life-rafts, approved buoyant deck seats, or other approved buoyant apparatus shall be carried so that they, together with the lifeboats, shall provide sufficient accommodation for the total number of persons for which the ship is so certified.

Rule F.—Where a ship of this class has a special passenger steamer's certificate allowing her, when engaged upon daylight voyages between the 20th March and the 30th September, inclusive, to carry a number of persons in excess of the total number of persons allowed by her ordinary passenger certificate, the lifeboats, approved life-rafts, approved buoyant deck seats, or other approved buoyant apparatus carried shall provide sufficient accommodation for 80 per cent of the number allowed by such special passenger steamer's certificate, or for the total number of persons allowed by the ordinary passenger steamer's certificate, whichever number is the greater.

Rule G.—At least ten approved lifebuoys shall be carried, together with one approved life-jacket for each person on board. A sufficient proportion of the life-jackets shall be of a size suitable for children.

Class II.—Steamships trading within Home Trade limits, but not certified to carry Passengers

Rule A.—A ship of this class having a length of

100 feet or over shall carry a boat or boats on each side of the ship of such capacity as shall be sufficient to accommodate all persons on board. Such boats shall be attached to davits, or other approved appliances at least as effective as davits shall be provided in lieu of davits.

Rule B.—One of such boats may be a boat of Section D. The remaining boats shall be lifeboats; and all the boats shall be equipped as provided in the General Rules.

Rule C.—A ship of this class having a length under 100 feet shall carry at least one boat of Section A, or of Section B, or of Section D fitted with internal buoyancy, so stowed that it can be readily placed in the water on either side of the ship, and of sufficient capacity to accommodate all the persons on board. The method of stowage and the means of putting the boat overboard shall be to the satisfaction of the Board of Trade. The boat shall be equipped as provided in the General Rules.

Rule D.—A ship of this class if 100 feet in length or over shall carry at least four approved lifebuoys, and if under 100 feet at least two approved lifebuoys. One approved life-jacket shall be carried for each person on board.

Class III.—Sailing Ships carrying Passengers anywhere within Home Trade limits

Rule A. A ship of this class shall carry a lifeboat or lifeboats sufficient to accommodate all persons on board; provided that one boat of Section D fitted with internal buoyancy may be carried in lieu of one lifeboat. All the boats shall be equipped as provided in the General Rules.

Rule B.—Such boats shall, as far as practicable, be attached to davits. All boats not attached to davits shall be so carried that they can be readily placed in the water to the satisfaction of the Board of Trade.

Rule C.—At least four approved lifebuoys shall be carried, together with one approved life-jacket for each person on board. A sufficient proportion of the life-jackets shall be of a size suitable for children.

Class IV.—Sailing Ships trading within Home Trade limits but not carrying Passengers

Rule A.—Subject to the provisions of Rule B, a ship of this class shall carry a boat or boats of such capacity as shall be sufficient to accommodate all persons on board. The boats shall be stowed in such a manner that they can readily be placed

in the water on either side of the ship to the satisfaction of the Board of Trade. At least one of the boats shall be a boat of Section A, or of Section B, or of Section D fitted with internal buoyancy; and all the boats shall be equipped as provided in the General Rules.

Rule B.—A ship of this class having a length of under 100 feet and engaged solely in the Coast-ing Trade shall comply with the requirements of Rule A, except that the boat or boats carried may be of Section D without internal buoyancy.

Rule C.—A ship of this class if 100 feet in length or over shall carry at least four approved lifebuoys, and if under 100 feet at least two approved lifebuoys. One approved life-jacket shall be carried for each person on board.

Class V.—Steamships holding a Passenger Steamer's Certificate authorizing them to carry Passengers within certain specified limits of the Home Trade, viz., on short specified passages along the coasts of the United Kingdom, or between Great Britain and Ireland, or between Great Britain or Ireland and the Isle of Man

Rule A. A ship of this class shall, subject to the following proviso, comply with the provisions of Class I, Home Trade:

Provided that a ship of this class, when engaged —

- (a) on certain voyages near the coasts of the United Kingdom, specially scheduled by the Board of Trade for this purpose, or
- (b) on daylight excursions, specially scheduled by the Board of Trade for this purpose, between the 1st June and the 31st August, inclusive,

shall not be required to carry more sets of davits, or lifeboats of a greater aggregate cubic capacity than are respectively specified in the second columns of Tables I and II in Appendix C.

Class VI.—Steamships certified to carry Passengers on short excursions to sea, i.e., beyond partially smooth water limits, between 1st April and 31st October inclusive, during daylight, and in fine weather

Rule A.—Subject to the provisions of General

Rule 16 (1), a ship of this class shall be provided in accordance with its length with such number of sets of davits of approved form as is specified in the Table in Appendix D, and they shall be suitably placed to the satisfaction of the Board of Trade; each set of davits shall have a lifeboat attached to it. Provided that no ship shall be required to have a larger number of sets of davits than the number of boats required to accommodate the total number of persons which the ship is certified to carry; and that appliances or arrangements at least as effective as davits for launching boats may be accepted by the Board of Trade in lieu of davits.

Rule B.—Subject to the provisions of General Rule 16 (2) and (3), such further number of lifeboats, or such number of approved life-rafts, approved buoyant deck seats, or other approved buoyant apparatus shall be provided, as shall be sufficient (together with the lifeboats required by Rule A) for 70 per cent of the total number of persons for which the ship is certified.

Rule C.—Where a ship of this class is required to carry more than two lifeboats, a boat of Section D fitted with internal buoyancy may be carried in lieu of one of them, and where such a ship is required to carry more than three lifeboats, one or two boats of Section D so fitted may be carried in lieu of the same number of lifeboats. All boats shall be equipped as provided in the General Rules.

Rule D.—The boats carried shall be of such reasonable capacity, having regard to the size of the ship, as the Board of Trade may require.

Provided that no ship shall be required to carry lifeboats of an aggregate capacity greater than is required to accommodate the total number of persons which the ship is certified to carry.

Rule E.—If the ship is under 200 feet in length, at least four approved lifebuoys shall be carried, and if of 200 feet in length or over, at least eight approved lifebuoys shall be carried. One approved life-jacket shall be carried for each person on board. A sufficient proportion of the life-jackets shall be of a size suitable for children.

Class VII. — Steamships certified to carry Passengers in partially smooth water

Rule A.—Subject to the provisions of General Rule 16 (1), a ship of this class shall be provided in accordance with its length with such number of sets of davits of approved form as is specified in the Table in Appendix D, and they shall be suitably placed to the satisfaction of the Board of Trade; each set of davits shall have a lifeboat

attached to it: Provided that no ship shall be required to have a larger number of sets of davits than the number of boats required to accommodate the total number of persons which the ship is certified to carry; and that appliances or arrangements at least as effective as davits for launching boats may be accepted by the Board of Trade in lieu of davits.

Rule B.—Subject to the provisions of General Rule 16 (2) and (3), such additional lifeboats, or such number of approved life-rafts, approved buoyant deck seats, or other approved buoyant apparatus shall be provided as shall be sufficient (together with the lifeboats required under Rule A) for 60 per cent of the total number of persons for which the vessel is certified.

Rule C.—Where a ship of this class is required to carry more than two lifeboats, a boat of Section D fitted with internal buoyancy may be carried in lieu of one of them, and where such a ship is required to carry more than three lifeboats, one or two boats of Section D so fitted may be carried in lieu of the same number of lifeboats. All boats shall be equipped as provided by the General Rules.

Rule D.—The boats carried shall be of such reasonable capacity, having regard to the size of the ship, as the Board of Trade may require.

Provided that no ship shall be required to carry lifeboats of an aggregate capacity greater than is required to accommodate the total number of persons which the ship is certified to carry.

Rule E.—If the ship is under 200 feet in length, at least four approved lifebuoys shall be carried, and if of 200 feet in length or over, at least eight approved lifebuoys shall be carried. One approved life-jacket shall be carried for each person on board. A sufficient proportion of the life-jackets shall be of a size suitable for children.

Class VIII. — Steamships certified to carry Passengers in smooth water in estuaries and lakes

Rule A.—Subject to the provisions of General Rule 16 (2) and (3), a ship of this class shall carry such boats, approved life-rafts, approved buoyant deck seats, or other approved buoyant apparatus, as shall be sufficient (together with the boat or boats required by Rule B, where that rule applies) for 40 per cent of the total number of persons for which the ship is certified.

Rule B.—A ship of this class having a length of not less than 70 feet and less than 150 feet shall carry at least one boat, and if of 150 feet or over, at least two boats. The boats shall be attached to davits, or other approved appliances at least as

effective as davits shall be provided in lieu of davits.

Rule C.—If the ship is under 150 feet in length, at least four approved lifebuoys shall be carried, and if of 150 feet in length or over, at least six approved lifebuoys shall be carried. One approved life-jacket shall be carried for each person on board.

Rule D.—The Board of Trade may in their discretion relieve a ship of this class wholly or partially from the operation of these Rules.

Class IX.—Steamships certified to carry Passengers in smooth water on rivers and canals

Rule A.—Subject to the provisions of General Rule 16 (2) and (3), a ship of this class shall carry such boats, approved life-rafts, approved buoyant deck seats, or other approved buoyant apparatus, as shall be sufficient (together with the boat carried under Rule B, where that rule applies) for 40 per cent of the total number of persons for which the ship is certified.

Rule B.—A ship of this class having a length of not less than 70 feet shall carry a boat in such a position that it can readily be got into the water.

Rule C.—At least four approved lifebuoys shall be carried. One approved life-jacket shall be carried for each person on board.

Rule D.—The Board of Trade may in their discretion relieve a ship of this class wholly or partially from the operation of these Rules.

Class X.—Steam Launches, and Motor Boats certified to carry Passengers for short distances to sea

Rule A.—A ship of this class having a length not exceeding 60 feet shall carry two approved lifebuoys.

Rule B.—A ship of this class shall carry one approved life-jacket for each person on board: and a sufficient proportion of the life-jackets shall be of a size suitable for children.

Rule C.—A ship of this class exceeding 60 feet in length shall carry the life-saving appliances prescribed for a ship of the same length in Class VIII, Home Trade.

Class XI.—Steam fish carriers, tugs, steam lighters, dredgers, steam hoppers, and hulks, which proceed to sea

Rule A.—A ship of this class shall comply with the Rules in Class II, Home Trade.

Class XII.—Steam fish carriers, tugs, steam lighters, dredgers, steam hoppers, and hulks, which do not proceed to sea

Rule A.—A ship of this class shall carry a boat sufficient to accommodate all persons on board; (*Rule B.*) two approved lifebuoys; and (*Rule C.*) one approved life-jacket for each person on board.

GENERAL RULES

I. Definitions

[“*Person*” includes not only an adult but every child over the age of one year.

“*Passenger*” has the same meaning as in Section 267 of the Merchant Shipping Act, 1894. (See Part VI, Chapter IV.)

“*Passenger steamer*” means every steamer which carries more than twelve passengers.

“*Emigrant ship*” has the same meaning as in the Merchant Shipping Acts. (See Part VI, Chapter IV.)

“*Daylight*” is reckoned as extending from one hour before sunrise to one hour after sunset.

“*Lifeboat*” includes an open lifeboat of Section A or Section B, and a decked lifeboat of Section C, as respectively described in General Rule 3 (4).

“*Approved*” means approved by the Board of Trade.

“*Length*”, when a ship is referred to, means registered length.]

2. Power of the Board of Trade to accept alternatives

The Board of Trade shall have power, in general or in any particular case, to accept any boat, raft, buoyant apparatus, or other life-saving appliance, in lieu of a life-saving appliance required by these Rules, subject to such conditions as they may impose, if they are satisfied that under those conditions it will be as effective as the appliance required by these Rules.

3. Boats

(1) All boats shall be properly constructed and equipped as provided by these Rules, and shall be of such form and proportions that they shall have

sufficient freeboard, and ample stability in a seaway, when loaded with their full complement of persons and equipment.

(2) All boats shall be marked in such a way as to indicate plainly their dimensions and the number of persons for which they are approved.

(3) The structural strength of the boats shall be to the satisfaction of the Board of Trade, and in all cases in which a boat would have to be lowered with its full complement on board to comply with General Rule 7 (2), the strength shall be sufficient for that purpose.

In all open boats, all thwart and side seats must be fitted as low in the boat as practicable, and must provide seating accommodation for all persons the boat is deemed fit to carry, and bottom boards must be fitted so that the thwarts shall not be more than 2 feet 9 inches above them.

All boats and other life-saving appliances shall be kept fit and ready for use, and fitted and arranged to the satisfaction of the Board of Trade. Internal buoyancy apparatus shall be constructed of copper or yellow metal of not less than 18 ozs. to the superficial foot, or of other durable material.

(4) Save as expressly provided in these Rules to the contrary, the lifeboats carried on any vessel may be either open lifeboats of Section A or Section B, or decked lifeboats of Section C.

Section A.—A boat of this section shall be a lifeboat pointed at both ends, properly constructed of wood or metal, having for every 10 cubic feet of her capacity, computed as in General Rule 4, at least 1 cubic foot of strong and serviceable air-tight compartments, so constructed that water cannot find its way into them. In the case of a metal boat, an addition shall be made to the cubic capacity of the air-tight compartments, so as to give it buoyancy equal to that of the wooden boat.

Section B.—A boat of this section shall be a lifeboat pointed at both ends, properly constructed of wood or metal, having inside and outside buoyancy apparatus together equal in efficiency to the buoyancy apparatus provided for a boat of Section A. The volume of the inside buoyancy apparatus shall be not less than three-fourths of a cubic foot, and if the outside buoyancy apparatus is of cork its volume shall be not less than one-third of a cubic foot, for every 10 cubic feet of the boat's capacity.

Section C.—A boat of this section shall be a lifeboat pointed at both ends, fitted with a strong water-tight deck, and constructed of wood or metal in a manner approved. The deck of a boat of this section need not necessarily have sheer, provided a suitable addition is made to its freeboard. A decked metal lifeboat must be fitted

with strong and serviceable air-tight compartments, having a capacity of at least 1 cubic foot for each person whom the boat is deemed fit to carry; but in a wooden decked boat, enclosed air-tight compartments may be dispensed with, subject to such conditions as may be approved.

Section D.—A boat of this section shall be a properly constructed boat of wood or metal, and may be square sterned. A boat of this section which is required to be fitted with internal buoyancy shall be fitted with air-tight compartments of the capacity and description required in the case of a boat of Section A.

(5) *Motor Boat.*—A motor boat may be carried as a lifeboat subject to the following conditions:—

(a) It shall be approved, and proper appliances must be provided for putting it into the water speedily to the satisfaction of the Board of Trade.

(b) It shall be adequately provided with fuel, and kept so as to be at all times fit and ready for use.

(c) Where the number of lifeboats carried is not less than four and less than ten, one of them may be a motor lifeboat; where the number of lifeboats is not less than ten and less than fifteen, two of them may be motor lifeboats; and of every five lifeboats beyond ten, one may be a motor lifeboat. The Board of Trade may, on the application of an owner, allow an increased proportion of motor lifeboats to be carried, if they are satisfied that the efficiency of the life-saving equipment will not thereby be diminished.

4. Cubic capacity

The cubic capacity of an open boat shall be ascertained by multiplying the product of the length, breadth, and depth by 6, subject, however, to the following provisions:—

The length shall be measured from the foreside of the rabbet on the stem to the afterside of the rabbet on the sternpost (in square-sterned boats to the end of planking); and the breadth shall be measured from the outside of plank to the outside of plank amidships at the point where the width of the boat is greatest. The depth shall be measured amidships from the top of the gunwale to the top of the bottom plank next to the keel, but the depth used in calculating the cubic capacity shall not in any case exceed 45 per cent of the breadth.

If the oars are pulled in rowlocks, the bottom of the rowlock is to be considered as the gunwale in measuring the depth of the boat.

If any question is raised requiring absolute accuracy of adjustment, the cubic capacity of a boat shall be ascertained by Stirling's rule; subject to the foregoing provisions as to depth.

The cubic capacity of a decked lifeboat shall be deemed to be the number of cubic feet obtained by multiplying by 10 the number of persons the boat is deemed fit to carry.

No boat shall be carried in purported compliance with these Rules of a capacity of less than 125 cubic feet: subject to the provisions of General Rule 16 (4).

5. Number of persons for boats

(1) Subject to the provisions of sub-sections (2) and (4) of this Rule, the number of persons an open boat shall be deemed fit to carry shall be the number of cubic feet ascertained as in General Rule 4 divided by 10. The space in the boat shall be sufficient for the seating of the persons carried in it, and for the proper use of the oars.

(2) An open lifeboat constructed after these Rules come into force shall not be deemed to be fit to carry the number of persons ascertained as in sub-section (1) of this rule unless it has passed a satisfactory test with that number on board, or unless the boat is so constructed that it has a mean sheer of at least half an inch for each foot of its length; that the boat's half-girth amidships measured outside the planking, from the centre line of the keel to the top of the gunwale, is at least equal to eighty-eight hundredths of the sum of the boat's depth inside and half its maximum breadth amidships, and that the mean of the half-girths measured in the same manner at two points, one-quarter of the length of the boat from the stem and sternpost respectively, is at least equal to eight-tenths of the sum of the depth inside and half the maximum breadth amidships. If the sheer and the girth do not comply with this sub-section the number of persons shall be found by dividing the number of cubic feet by 12, unless and until the boat has been tested afloat with its equipment and a number of persons on board, when the number allowed shall be the number which the boat is able to carry, subject to the provisions of sub-section (1).

The number of persons a boat of Section D shall be deemed fit to carry shall be determined in the same manner, except that the half-girth amidships and the mean of the half-girths at one quarter of the length from the ends shall be 86 per cent and 78 per cent respectively of the sum of the boat's depth and half-breadth amidships.

The number of persons that an open boat, constructed before the commencement of these Rules, shall be deemed fit to carry, is to be found by the following rule, unless and until the boat has been tested afloat with its equipment and a number of persons on board, when the number allowed shall

be the number which the boat is able to carry, subject to the provisions of sub-section (1) above:—

When the mean of the two half-girths, measured as described in sub-section (2) at one quarter of the length of the boat from the stem and sternpost respectively, is 78 per cent or more of the sum of the boat's depth inside and half its maximum breadth amidships, the number of cubic feet is to be divided by 10.

When the mean of the two half-girths is 74 per cent of the sum of the depth and half breadth, the number of cubic feet is to be divided by 12, and when the percentage is between 78 and 74 or less than 74, the divisor is to be in proportion.

(3) The number of persons a decked boat shall be deemed fit to carry shall be such that the top of the deck amidships shall be at such height above the water as may be approved by the Board of Trade when the boat is so loaded, subject to there being a deck space of at least 4 square feet for each person.

Provided, however, that if the boat is so constructed that persons can be accommodated below the deck, the Board of Trade may allow a deck space of less than 4 square feet for each person.

When the dimensions and form of the boat are such that, in the opinion of the Board of Trade, a practical test of the boat afloat is unnecessary, and the boat is not so constructed that persons can be accommodated below the deck, the number of persons the boat is fit to carry shall be deemed to be the number obtained by dividing the area of the deck in square feet by four.

(4) If the depth of an open boat exceeds 3·6 feet, the number of persons the boat is deemed fit to carry shall be determined by the Board of Trade on the application of the owner, and until the application of the owner has been received and determined the depth of the boat for the purpose of ascertaining its cubic capacity shall be deemed not to exceed 3·6 feet.

(5) If the Surveyor is doubtful as to the number of persons any open or decked boat is fit to carry, he may require the boat to be tested afloat with the intended number of persons on board.

(6) Boats that have been properly marked need not be re-measured, unless there is reason to believe that the marks have been tampered with or are otherwise defective or improper.

6. Stowage of boats

(1) A decked lifeboat may be stowed underneath an open lifeboat, and decked lifeboats may be stowed in sets of three, one above another.

(2) Where a boat is stowed underneath another

boat, there shall be provided approved removable supports or other approved appliances, so as to secure that the weight of a boat is not unduly supported by the boat underneath it.

7. Appliances for lowering boats

(1) The davits or appliances for lowering boats shall be fitted on one or more of the decks in such positions that the boats can be efficiently lowered from them. Davits shall not be fitted in the bows of a ship, but they may be fitted in any other position in the ship, provided that the boats are not brought into dangerous proximity to a propeller on being lowered into the water.

Where boats are stowed on more than one deck, the arrangements for lowering them shall be such as to prevent the boats from a lower deck being fouled by those from a deck above.

(2) Appliances for getting a boat into the water must fulfil the following conditions —

Means are to be provided for speedily, but not necessarily simultaneously or automatically, detaching the boats from the falls: the boats placed under davits are to be attached to the falls and kept ready for service: the davits are to be so spaced and placed that the boats can be swung out with facility; the points of attachment of the boats to the falls are to be sufficiently away from the ends of the boats to ensure their being easily swung clear of the davits; the boats' chocks shall be of such construction and arrangement as shall be satisfactory to the Board of Trade. The strength of the davits, falls, blocks, and all other gear required for lowering the boats, shall be to the satisfaction of the Board of Trade: and in the case of foreign-going passenger steamers launched on or after the 1st March, 1913, when the deck from which the passengers will ordinarily enter any boat is 12 feet or more above the centre of the load-line disc, the davits and all the gear shall be of sufficient strength to lower such boat when loaded with its full complement of persons and equipment. The boat's falls are to be long enough to lower the boat into the water with safety when the vessel is light. Life-lines shall be fitted to the davit spans, and shall be long enough to reach the water when the vessel is light. Hooks are not to be attached to the lower tackle blocks.

(3) If a boat is not attached to davits the appliance or appliances or arrangements for getting it into the water must be such as to ensure it being put into the water speedily to the satisfaction of the Board of Trade.

(4) Where more than three boats are served by one set of davits, there shall be provided an ap-

proved appliance for lowering the boats in turn and rapidly.

(5) The Board of Trade may accept in lieu of the appliances for lowering boats described in this Rule any other appliance, appliances, or arrangements which appear to them at least as effective as the appliances herein described.

8. Equipment for boats and life-rafts

(1) *Boats*.—Every boat which is carried by any ship shall be equipped as follows:—

(a) With the full single banked complement of oars and two spare oars.

(b) With two plugs for each plug hole, attached with lanyards or chains, and one set and a half of thole pins or crutches, attached to the boat by sound lanyards.

(c) With a sea anchor, a bailer, a galvanized iron bucket, a rudder and a tiller, or yoke and yoke lines, a painter of sufficient length, and a boat-hook. The rudder, the bailer, and the bucket shall be attached to the boat by sufficiently long lanyards, and kept ready for use. In a boat where there may be a difficulty in fitting a rudder a steering oar may be provided instead.

(d) With a vessel capable of holding one quart for each person that the boat is deemed fit to carry. This vessel shall be kept filled with fresh water, and provided with a dipper with lanyard.

(e) With two hatchets, one to be kept in each end of the boat, and to be attached to the boat by a lanyard.

(f) With a line securely becketed round the outside of the boat.

(g) With an efficient lantern trimmed, with oil in its receiver sufficient to burn eight hours; or with some other lantern or light at least as effective approved by the Board of Trade.

(2) *Life-rafts*.—Life-rafts shall be provided with a suitable approved equipment.

9. Additional equipment for certain boats

(1) In addition to the equipment prescribed in the preceding Rule, the boats in all classes of foreign-going ships shall be equipped as provided in paragraphs (a) to (e), inclusive, of this sub-section of this Rule, but not more than half the boats in a ship of Class I, Foreign-going, or four of them, whichever number is the larger, need have the equipment prescribed in paragraph (a). The boats in Classes I to V, inclusive, of the Home Trade shall be equipped as provided in paragraphs (b), (d), and (e) of this sub-section of this Rule.

(a) With a mast or masts, and with at least one good sail and proper gear for each; but this does not apply to an approved motor boat.

(b) With an efficient compass.

(c) With an air-tight case containing 2 lbs. of biscuits for each person for whom the boat is approved.

(d) With one gallon of vegetable or animal oil, and a vessel of approved pattern for distributing it in the water in rough weather.

(e) With one dozen self-igniting red lights in a water-tight tin, and a box of suitable matches in a water-tight tin.

(2) All boats shall be fully equipped, and provided with the additional equipment prescribed in this rule, where this applies, before the ship leaves harbour; and both the equipment and the additional equipment, if any, shall remain in the boat throughout the voyage, while the ship is at sea. In the case of a boat which is stowed beneath another boat, if it is not practicable to place the whole of the equipment or of the additional equipment in the boat, such part as is not placed in the boat shall be stowed in a suitable locker near the boat, and each article shall be marked with the number of the boat to which it belongs.

Such of the articles placed in a boat as are liable to be stolen or mislaid shall be properly secured to the boat.

10. Number of persons for life-rafts

The number of persons that any approved life-raft for use at sea shall be deemed to be capable of carrying shall be determined by the Board of Trade with reference to each separate pattern approved; provided always that for every person so carried there shall be at least 3 cubic feet of strong and serviceable inclosed air-tight compartments, constructed so that water cannot find its way into them. Any approved life-raft of other construction may be used, provided that it has equivalent buoyancy to that hereinbefore described. Every such approved life-raft shall be marked in such a way as plainly to indicate the number of persons for which it is approved.

11. Buoyant apparatus

Approved buoyant apparatus, whether buoyant deck seats, buoyant deck chairs or other buoyant apparatus, shall be deemed sufficient, so far as buoyancy is concerned, for a person or a number of persons to be ascertained by dividing the number of pounds of iron which it is capable of supporting in fresh water by 32. Such buoyant apparatus shall be of approved material and con-

struction, and if it depends for its buoyancy on air shall not require to be inflated before use, and shall be marked in such a way as plainly to indicate that it is buoyant and the number of persons for which it is approved.

12. Life-jackets

An approved life-jacket shall mean a jacket of approved material and construction, which, if it depends for its buoyancy on air, does not require to be inflated before use, and which is capable of floating in fresh water for 24 hours with 15 lbs. of iron suspended from it. Life-jackets for children shall be of suitable size, and capable of floating in fresh water for 24 hours with 12 lbs. of iron suspended.

13. Lifebuoys

An approved lifebuoy shall mean either:—

(1) A lifebuoy built of solid cork, capable of floating in fresh water for at least 24 hours with 32 lbs. of iron suspended from it, or

(2) A strong lifebuoy of any other approved pattern and material, which is capable of floating in fresh water for 24 hours with 32 lbs. of iron suspended from it, and which is not stuffed with rushes, cork shavings, or other shavings, or loose granulated cork, or other loose material, and which, if it depends for its buoyancy on air, does not require inflation before use.

All lifebuoys shall be fitted with beackets securely seized, and at least one on each side of the vessel shall be fitted with a life-line at least 15 fathoms in length. At least half the lifebuoys required in any ship, and not fewer than six in any passenger steamer (other than a steamer in Class VI, VII, VIII, IX, or X in the Home Trade), shall have placed near them, with means for attachment to them, efficient lifebuoy lights, inextinguishable in water, to the satisfaction of the Board of Trade.

14. Position of lifebuoys and life-jackets

All lifebuoys and life-jackets shall be suitably placed to the satisfaction of a Board of Trade Surveyor and so as to be readily accessible to all persons on board; and their position shall be plainly indicated so that it may be known to those for whom they are intended.

15. Application of Rules

These Rules shall come into force on the 1st

March, 1913, subject to the following exceptions:—

(1) Such requirements as involve structural alterations to the ship shall not apply until the 1st November, 1913.

Provided that in the case of a ship having a passenger steamer's certificate in force on the 1st March, 1913, the Board of Trade may in their discretion postpone the application of such requirements, until the date fixed in that certificate for the expiry of that certificate.

(2) Any boat which forms part of the equipment of a ship that was launched before the 1st March, 1913, and which has been inspected and approved by the Board of Trade before the date on which these Rules come into operation, may be accepted as equivalent to a lifeboat until the 1st March, 1915, so long as it remains in good condition.

(3) Boats and rafts which were ordered before the 1st October, 1912, in order to complete the equipment of a ship, but which were not delivered in sufficient time to be inspected by the Board of Trade before the date on which these Rules come into operation, and rafts which were so ordered and which have been inspected, may be accepted, the boats as equivalent to lifeboats until the 1st March, 1915, and the rafts as equivalent to lifeboats until the 1st January, 1914, so long as they respectively remain in good condition. Provided that the boats and rafts shall not be so accepted unless:—

(a) they have been inspected, where this has not already been done.

(b) they would have complied with the requirements of the Rules for which these Rules are substituted.

16. Exemptions

(1) If it shall appear to the Board of Trade, on the application of the owner of any ship, that it is not practicable or reasonable to fit or place in that ship the number of sets of davits required by these Rules, the Board of Trade may direct that one or more sets of davits may be dispensed with in that ship, subject to such conditions, if any, as the Board may impose. The Board of Trade may in their discretion impose as such a condition, in respect of a ship in Class I of the Home Trade, launched before the 1st March, 1913, that the boats carried shall be of a required capacity greater than the minimum capacity prescribed in General Rule 4.

(2) If it shall appear to the Board of Trade on the application of the owner of any passenger steamer in the Home Trade, launched before the

1st March, 1913, that it is not practicable, or reasonable, to provide in that ship the boats, approved life-rafts, approved buoyant deck seats, or other approved buoyant apparatus required, the Board of Trade may direct that the requirements of these Rules may be modified as regards that ship, subject to such conditions as they may impose, provided always that—

(a) In the case of a ship in Class I or Class V the total number of persons which can be accommodated in the boats, approved life-rafts, approved buoyant deck seats, or other approved buoyant apparatus shall not be less than 70 per cent of the total number allowed to be carried by the ordinary passenger certificate.

(b) In the case of a ship in Class VI, Class VII, Class VIII, or Class IX the total number of persons which can be accommodated in the boats, approved life-rafts, approved buoyant deck seats, or other approved buoyant apparatus shall not be a lower percentage of the total number of persons which the ship is certified to carry than is required in sub-section (3) of this Rule for these classes of ships respectively.

(3) Notwithstanding anything contained in these Rules, a passenger steamer in Class VI, Class VII, Class VIII, or Class IX, in the Home Trade, launched before the 1st March, 1913, shall not, until the 1st January, 1916, be required to be provided with boats, approved life-rafts, approved buoyant deck seats, or other approved buoyant apparatus more than sufficient to accommodate the following percentage of the total number of persons which the ship is certified to carry:—

In Class VI ...	...	...	50 per cent.
In Class VII ...	...	...	40 per cent.
In Class VIII ...	...	...	25 per cent.
In Class IX ...	...	...	25 per cent.

In every case, subject to the discretionary power given to the Board of Trade by Class VIII, Rule D, and by Class IX, Rule D, approved life-jackets shall be carried sufficient for all persons, on board.

(4) If a small ship is unable to carry more than one boat, the Board of Trade may in their discretion exempt that ship from carrying more than one, but whenever one boat only is carried there must be proper provision to enable it to be placed readily in the water on either side of the ship.

If it is impracticable in any case for a ship to carry a boat of the minimum capacity prescribed by General Rule 4, the Board of Trade may in their discretion allow a boat of smaller capacity to be carried by that ship.

17. Ships certified to carry not more than twelve passengers

A ship which is certified to carry a number of passengers not exceeding twelve, and which, if it were not certified to carry passengers, would be subject to the Rules in Class II, Foreign-going, or in Class II, Home Trade, as the case may be, shall be subject to those Rules respectively, and not to those in any other Class.

18. References to General Rules

Where in a Rule in any Class reference is made to a General Rule, that reference shall not be deemed in any way to limit or to derogate from the general force and application of the Rule to which reference is made.

APPENDIX A.—TABLE SHOWING THE MINIMUM NUMBER OF SETS OF DAVITS AND OF OPEN BOATS REQUIRED TO BE PROVIDED IN A STEAMSHIP IN CLASS I, FOREIGN-GOING, OR IN CLASS I, HOME TRADE, OR IN CLASS V, HOME TRADE (EXCEPT IN CERTAIN CASES).

Length of vessel in feet	Minimum number of sets of davits	Minimum number of open boats to be attached to davits
Under 100	2	2
100 and under 190	3	3
190 .. 220	4	4
220 .. 245	5	4
245 .. 270	6	5
270 .. 300	7	5
300 .. 330	8	6
330 .. 360	9	7
360 .. 390	10	7
390 .. 450	12	9
450 .. 510	14	10
510 .. 590	16	12
590 .. 670	18	13
670 .. 750	20	14
750 .. 840	22	15
840 .. 940	24	17
940 .. 1040	26	18

In the case of a steamship of over 1040 feet, the number of sets of davits to be provided shall be prescribed by the Board of Trade

APPENDIX B.—TABLE SHOWING THE MINIMUM AGGREGATE CUBIC CAPACITY OF LIFEBOATS TO BE CARRIED IN A SHIP IN CLASS I, HOME TRADE, LAUNCHED ON OR AFTER THE 1ST MARCH, 1913, OR IN CLASS V, HOME TRADE, LAUNCHED AFTER THAT DATE (EXCEPT IN CERTAIN CASES).

Length of vessel in feet.	Minimum aggregate capacity of lifeboats, in cubic feet.
100 and under 120	400
120 .. 140	600
140 .. 160	900
160 .. 180*	1200
180 .. 200	1400
200 .. 220	1600
220 .. 240	1850
240 .. 270	2300
270 .. 300	3150
300 .. 330	3850
330 .. 360	4450
360 .. 390	5000
390 .. 420	5500
420 .. 450	6000

In the case of a vessel of under 100 feet, or over 450 feet, the cubic capacity of the lifeboats to be carried shall be prescribed by the Board of Trade

APPENDIX C.—TABLE I. SHOWING THE MINIMUM NUMBER OF SETS OF DAVITS REQUIRED TO BE PROVIDED IN A STEAMSHIP IN CLASS V, HOME TRADE, IN CERTAIN CASES.

Length of steamship in feet	Minimum number of sets of davits
Under 180	2
180 and under 210	3
210 .. 240	4
240 .. 270	5
270 .. 300	6
300 .. 330	7
330 .. 360	8

In the case of a steamship of over 360 feet, the number of sets of davits to be provided shall be prescribed by the Board of Trade

APPENDIX C.—TABLE II, SHOWING THE MINIMUM AGGREGATE CUBIC CAPACITY OF LIFEBOATS TO BE CARRIED IN A STEAMSHIP IN CLASS V, HOME TRADE, LAUNCHED ON OR AFTER THE 1ST MARCH, 1913, IN CERTAIN CASES.

Length of steamship in feet.				Minimum aggregate capacity of lifeboats in cubic feet.
100 and under 120	..	...		300
120	"	140	...	400
140	"	160	...	500
160	"	180	...	600
180	"	195	...	700
195	"	210	...	800
210	"	225	...	950
225	"	240	...	1080
240	"	255	...	1250
255	"	270	...	1450
270	"	285	...	1700
285	"	300	...	1900
300	"	330	...	2150
330	"	360	...	2400

In the case of a steamship of under 100 or over 360 feet, the cubic capacity of the lifeboats to be carried shall be prescribed by the Board of Trade.

APPENDIX D.—TABLE SHOWING THE MINIMUM NUMBER OF SETS OF DAVITS REQUIRED TO BE PROVIDED IN A STEAMSHIP IN CLASS VI OR CLASS VII, HOME TRADE.

Length of steamship in feet.	Minimum number of sets of davits.
Under 200	2
200 and under 240	3
240 " 280	4
280 " 320	5

In the case of a steamship of over 320 feet, the number of sets of davits to be provided shall be prescribed by the Board of Trade.

**COMMERCIAL . TERMS, PHRASES,
AND ABBREVIATIONS**

COMMERCIAL TERMS, PHRASES, AND ABBREVIATIONS

(See also Index)

Practically all the commodities in the British Board of Trade Returns are included, with chief countries of origin and destination. "Imported mostly from ——" must not be understood as necessarily meaning "mostly imported from ——" Equivalents are given for the principal terms in French, German, Spanish, and Italian. The following abbreviations are used in this Dictionary: *Fr.* = French, *G.* = German, *Sp.* = Spanish, *It.* = Italian, *L.* = Latin, *Sc.* = Scottish, *q.v.* = which see.

A

a., at, at the price of, used in quoting prices.

A. Table. Regulations contained in a Schedule of the Companies (Consolidation) Act. These govern all limited companies which have no registered Articles of Association, and supplement such Articles where they are insufficient.

a/c. account.

A/C. account current.

a.d. after date.

a/o. account of.

A/S. account sales.

A1. the highest class of merchant ships at Lloyd's, A referring to the hull and 1 to stores and equipment, also applied generally to denote first-class.

A.B., able-bodied seaman (one who has served 4 years before the mast).

A compte (*Fr.*), on account.

"A" List. a list of shareholders of a company liable to contribute at the winding-up of the company.

A plaisir (*Fr.*), at pleasure.

A.C.A., Associate of the Institute of Chartered Accountants.

A.C.G.I., Associate of the City and Guilds of London Institute.

A.C.I.S., Associate of the Chartered Institute of Secretaries.

A.G.I., Associate of the Institute of Certificated Grocers.

A.I.A., Associate of the Institute of Actuaries.

A.M.Inst.C.E., Associate Member of the Institution of Civil Engineers.

A.M.I.E.E., Associate Member of the Institution of Electrical Engineers.

A.R.C.S., Associate of the Royal College of Science.

A.R.I.B.A., Associate of the Royal Institute of British Architects.

A.S., Acts of Sederunt (*Sc.*), rules of Court.

A.S.A.A., Associate of the Society of Incorporated Accountants and Auditors.

A.S.E. Amalgamated Society of Engineers.

A.S.R.S. Amalgamated Society of Railway Servants.

A Stock. deferred stock where stock is divided into B preferred, A deferred.

ab initio (*L.*), from the beginning, afresh.

Abandonment (*Fr.*, *délaissement*; *G.*, *Abtretung*; *Sp.*, *Abandono*; *It.*, *abbandono*), surrender of a claim or right or property; relinquishment of ship or freight to underwriters in the case of a constructive total loss.

Abatement. allowance or discount in a payment for special reasons, such as damage to goods, removal of nuisance; reduction of legacy on account of insufficient assets.

Abeyance. position of an estate or title to which no person has shown a right; in general, a state of suspense.

Abonnement (*Fr.*), contract for work or goods; subscription, contribution; composition.

Above par. as applied to stocks and shares, higher than face or issue value, at a premium.

Abrasion of coins. loss of weight in coins through wear and tear.

Abstract of title. the epitome of the documents showing the title to a property.

Accaparement (*Fr.*), securing a monopoly; forming a "corner".

Acceptance (*Fr.*, *acceptation*; *G.*, *Annahme*; *Sp.*, *Aceptación*; *It.*, *accettazione*), receipt; receipt of goods

- sufficient to complete an oral contract; formal admission, or taking over, as of a road dedicated to the public; in the case of a bill of exchange, the drawee's acknowledgment of his obligation to pay according to its terms, expressed by signing his name, with or without additional words, across the face of the bill. Acceptance may be *general, qualified, supra protest*, or *for honour*. An accepted bill is often called an acceptance.
- Acceptance, clean, general, or unqualified**, an acceptance of a bill without any qualification as to conditions, place, time, &c., of payment.
- Acceptance, qualified**, acceptance of a bill of exchange with some qualifying modification. It may be (1) conditional, (2) partial, (3) local, (4) with the time altered, or (5) for some of the drawees only.
- Acceptor**, the person who engages to pay a bill on maturity: the drawee after he has accepted the bill.
- Accession**, coming into the enjoyment, right to property which adheres to one's own property, e.g. a building raised on land.
- Accident**, an unusual and unsuspected event, due to unforeseen circumstances.
- Accommodation bill**, a bill accepted for the convenience of the drawer or another person without consideration to the acceptor; it involves no liability until value has been given for it by discounting.
- Accord and satisfaction**, agreement between parties to a contract to accept something else in actual satisfaction of its terms.
- Account** (*Fr.*, compte; *G.*, Konto, Rechnung; *Sp.*, Cuenta; *It.*, conto), a detailed statement of receipts and expenses; a statement of business transactions with a particular person or firm or of a particular kind; the fortnightly period on the Stock Exchange from one settlement to another.
- Account books**, the various books showing the transactions of a business.
- Account current (or open)**, also called *current account*, a running account, or one not yet stated or closed; otherwise, an account running on indefinitely, like a current account with a banker.
- Account day**, the last of the three days on the London Stock Exchange on which bargains are settled.
- Account duty**, a duty formerly levied on personal property passing at death in certain ways: now included in estate duty.
- Account sales** (contracted A/S), an account rendered by an agent to his principal showing proceeds of sale of goods consigned to him for sale on commission.
- Account stated**, an account acknowledged as correct by all parties.
- Accountant**, one whose profession or duty is the keeping or certifying of accounts.
- Accountant of Court**, an officer of the Scottish Court of Session who is entrusted with certain accounting duties in connection with bankruptcies, judicial factories, trust investments, &c.
- Accounts Rendered Book**, a subsidiary book showing the accounts that have been rendered, with space for remarks, &c.
- Accretion**, acquisition by growth, as of land left bare or soil washed up by the sea; increase of a legacy by addition of shares of failing co-legatees.
- Accrue**, to arise by way of natural growth or increment; said of interest, &c.
- Acct.**, account.
- Accumulation**, saving-up of capital; the accumulation of income under a trust, which must be within the legal limits laid down by the Thellusson Act of 1800 and subsequent legislation.
- Acetate of lime**, used in calico-printing, &c.; imported mostly from the United States.
- Acetic acid**, prepared from wood, &c., by distillation; used in calico-printing, preparation of acetates, medicine, &c.; imported mostly from Holland, Belgium, United States, Germany, and Norway.
- Acetone**, a liquid prepared from acetate of lime, used in manufacture of cordite, chloroform, &c.; imported chiefly from United States, Austria, and Germany.
- Acknowledgment**, a formal recognition, as of a debt; or a ~~an~~ acknowledgment before witnesses to a signature; intimation of the receipt of a letter.
- Acquiescence**, such a neglect or lying by with full knowledge that certain acts are being done as may lead others to an inference that one has assented to them, or waived a right affected by them.
- Acquittance**, a release or written discharge for money owing.
- Act of bankruptcy**, act or default by a debtor furnishing a ground for a bankruptcy petition.
- Act of God**, an accident due to natural causes for which no one is to blame, because it could not have been foreseen or resisted; a term used in Bills of Lading and Charter-parties.
- Act of Honour**, the instrument drawn up by a notary when a person not already liable accepts a dishonoured bill of exchange for the honour of the drawer or an endorser.
- Act of Parliament**, a bill which has become a statute of the realm by passing through both Houses of Parliament and receiving the royal assent; or by passing through the House of Commons and receiving the royal assent under the conditions laid down in the Parliament Act of 1911.
- Action** (*Fr.*, action, procès; *G.*, Klage, Prozess; *Sp.*, accion, proceso; *It.*, causa), a suit at law, civil or criminal, though the latter is generally termed a prosecution.
- Action** (*Fr.*), stock; share; suit at law.
- Actionnaire** (*Fr.*), shareholder.
- Active bonds**, bonds having a fixed rate of interest.
- Active circulation**, the current notes of a bank of issue in the hands of the public.
- Active partner**, as opposed to a 'sleeping partner, one with actual conduct of the business.
- Actuary**, one skilled in the calculations regarding probabilities, expectations, &c., in connection with life insurance, annuities, reversions, and kindred matters.
- Ad hoc** (*L.*), for this (purpose); said of a body created expressly for a particular purpose, as a School Board for educational administration.

Ad lib., fully *ad libitum* (*L.*), at pleasure.

Ad referendum (*L.*), for consideration; said of contracts in which certain conditions are held over for further consideration.

Ad valorem (*L.*), according to value; applied to certain customs and stamp duties, which are charged at a rate varying with the value of the goods, &c.; usually a percentage in the case of customs duties.

Addenda (*L.*, to be added), supplementary matter to be included with the main work.

Ademption, a taking away—as of a specific legacy by a subsequent disposal of the object bequeathed.

Adjudication, a judgment or decision, as the formal decree by which the Court declares a debtor bankrupt.

Adjustment, an ascertainment or settlement in an account of the rights of the parties; in marine insurance, a settlement of the general average contributions, made by an average adjuster.

Adjustment Accounts, certain controlling accounts used in connection with self-balancing and sectional ledgers.

Admeasurement, the measuring of a ship in order to ascertain its tonnage.

Administration, the distribution of the estate of a deceased person, debts being payable in the following order: Funeral and testamentary expenses, debts due to the Crown for taxes; debts given priority by statute, as friendly society claims; judgment debts, recognizances; debts due under deed or ordinary contract, voluntary bonds not assigned for value during the lifetime of the deceased.

Administrator, one appointed to administer an estate left without an executor.

Admiralty, Lords of the, the commissioners who administer the Royal Navy, in place of the former Lord High Admiral.

Admiralty Court, a former English Court having jurisdiction in maritime cases, now merged in the Probate, Divorce, and Admiralty Division of the High Court. There is no such court or division in Scotland.

Adulteration, lowering the quality of goods with fraudulent intent.

Advance, payment on account of money before due or out of money accruing due—e.g. seaman's advance; also a payment by way of loan; a prepayment made to a consignor of goods upon receipt of the invoice or bill of lading.

Advance note, a note given to a seaman on his engagement for a voyage, entitling the holder to payment of a month's wages three days after the ship has sailed.

Adventure, a commercial speculation at sea; an insurable risk of such a speculation.

Advice (*Fr.*, avis; *G.*, Avis; *Sp.*, aviso; *It.*, avviso), a notification in writing of a particular transaction; a notification of the arrival or dispatch of goods; an advice note.

Advt., advertisement.

Aerated waters, imported chiefly from France and Germany; exported to United States, South America, Canada, France, Belgium, &c.

Aeroplanes, imported almost entirely from France.

Affidavit, a statement of fact written down and sworn before a person with authority to administer an oath, as alternative to oral evidence; usually requires a 2s. 6d. stamp:

“In the High Court of Justice
(*Heading of action or otherwise.*)

I, A. B. of
make oath, and say as follows”—

concluding, “I verily believe the facts above stated to be true.

Sworn at this day of

A. B.

Before me, C. D.,
A Commissioner of Oaths.”

Affreightment, the contract for the carriage of goods in a ship, the terms being set forth in a bill of lading or a charter-party.

After date, a phrase used in bills of exchange, meaning after the date of the bill.

After sight, a phrase used in bills of exchange, meaning after the date of presentation for acceptance. The date of such presentation must be written on the bill by the acceptor.

Agency, the relation of an agent to a principal; also the business of an agent of any kind.

Agenda (*L.*), things to be done; the formal note of heads of business to be transacted at a meeting.

Agent (*Fr.*, agent; *G.*, Agent; *Sp.*, agente; *It.*, agente), one who is authorized to act for another; e.g. manufacturer's agent, commission agent.

Agent de change (*Fr.*), official stockbroker.

Agio (*It.*), the difference between the assay value and the actual value of coins in circulation, or between the nominal and the actual value of paper money, or generally the premium on any security.

Agistment, the contract by which horses or cattle are taken in to pasture.

Agreement, an understanding between parties which may or may not amount to a legal contract.

Agricultural machinery, imported mostly from the United States, but also to some extent from Canada, Sweden, &c.; exported to Russia, Germany, France, Italy, South America, various British possessions, &c.

Ag't., agent.

Ailsa, Glasgow and South-Western Railway Deferred Ordinary Stock.

Ala., Alabama.

Albumen, white of egg and similar substances, used in dyeing, calico-printing, photography, &c.

Alderman, in a County or Borough Council, one elected by the Councillors for six years from their body or from those entitled to be Councillors, and enjoying what is regarded as superior dignity. (See III, 4.)

Ales, Allsopp's Ordinary Shares.

Alias (*L.*), a second or assumed name. The word means ‘otherwise’.

Alibi (*L.*), elsewhere: a defence to a charge that the person was elsewhere at the time of the occurrence.

Alien, one who is not a natural or naturalized citizen of a State. Under the Aliens Act, 1905, the immigration

of pauper, insane, or undesirable aliens into Britain is prohibited.

Aliment (*Sc.*), the maintenance which certain persons are entitled to claim from others connected with them, as a wife from her husband, a parent from children in certain cases, &c. It is wider than the English term *alimony*.

Alimony, in England, an allowance made by Order of Court to a wife living apart out of her husband's estate for maintenance; may be permanent or during the suit.

Aliquot part, one number which will go into another exactly, without leaving a remainder, as 4 into 8 or 12.

All faults, a condition that goods are to be taken as they are, without any allowance for quality or deficiency.

All fours, on, agreement in all material points.

All Red Route, a route for lines of steamers to the British Dominions serving only British ports.

All rights reserved (*Fr.*, tous droits réservés; *G.*, alle Rechte vorbehalten; *Sp.*, derechos de propiedad; *It.*, tutti i diritti riservati), a warning printed on a book not to copy or infringe.

Allocation, an allowance upon an account, placing or adding to a particular thing; used specially in connection with the allotment of shares.

Allocatur, certificate of allowance of costs in an action granted by the taxing official.

Allonge, a slip of paper annexed to a bill of exchange for additional signatures.

Allotment (*Fr.*, répartition; *G.*, Zuteilung; *Sp.*, asignación; *It.*, assegnazione), formal allocation, as of shares amongst applicants.

Allotment letter. See *Letter of allotment*.

Allotment note, an authority signed by a seaman for his employers to pay a portion of his wages for a particular voyage to a relation or bank.

Allotments, land let in small plots to labourers, &c.

Allottee, a person to whom shares in a company have been allotted.

Allowance, admission, or deduction in price, as for inferiority or damage; difference between gross and net weight, or between live and dead weight; covers *tare* and *tret* (q.v.).

Alloy, a combination of several metals with each other, as in brass, bronze, and Britannia metal, especially of precious with base metals; the base metal added at the Mint to the precious metals in coinage.

All-round price, a price averaged over a range of goods, or one covering all charges or extras.

Almonds, imported chiefly from Spain, Morocco, Italy, and Portugal.

Alpaca, wool obtained from the alpaca, a domesticated camel-like animal of Peru and Bolivia; imitated in other materials; imported chiefly from Peru; alpaca yarn chiefly from Germany.

Alum, a double sulphate of potash and aluminium, extensively used in the arts; exported to India, Canada, and various foreign countries.

Alva marina, certain dried seaweeds imported to some extent as a filling for mattresses.

Am., Amer., American.

Amalgam, an alloy of mercury with another metal.

Amalgamation, union, especially of two or more businesses or companies.

Amicus curiæ (*L.*), literally, a friend of the Court; a disinterested adviser.

Ammunition, imported chiefly from Germany, France, United States, and Belgium; exported to British possessions and various foreign countries.

Amortization, in law, conveyance of land in mortmain, i.e. to a corporation or charity; in finance, the periodical calling in and repaying of debts out of a sinking fund.

Ampère, unit of electrical current.

Amt., amount.

Analyst, public, the official appointed by a county or borough authority to analyse samples under the Food and Drugs Acts.

Anchorage, toll or duty payable for casting anchor in port; a safe riding for ships.

Anchors, grapnels, and cables, exported to Germany, India, Holland, Russia, Italy, Brazil, &c.

Ancient lights, right of access of light to a building, acquired after undisturbed enjoyment for at least 20 years, or existing under grant.

Anglos, Anglo-American Telegraph Company's shares.

Aniline dyes, manufactured from coal tar; imported mainly from Germany, but also to some extent from Switzerland, Holland, Belgium, &c.

Anker, a liquid measure used in Holland, Germany, Denmark, Sweden, &c., formerly also in Britain. It contains between 8 and 9 Imperial gallons.

Anna, a money of account in India, represented by a nickel coin; equal to $\frac{1}{4}$ of a rupee, or 1d.

Annual general meeting, a meeting of the shareholders of a limited company held once a year in accordance with the Companies (Consolidation) Act of 1908.

Annual summary, an annual statement of affairs of a limited company which must be prepared in accordance with the Companies (Consolidation) Act of 1908 and filed with the registrar.

Annuitant, a person in receipt of an annuity.

Annuity (*Fr.*, annuité; *G.*, Annuität, Leibrente; *Sp.*, renta anual; *It.*, rendita annuale), an annual payment agreed to be paid for life, or terminable after a fixed period, or in perpetuity, usually charged on property. Annuities are granted according to a scale varying with the age of the annuitant as a department of life insurance business.

Antedate, to date a bill, cheque, or any other document earlier than the actual date of signature.

Anthracene, a solid hydrocarbon obtained from coal tar, useful in the arts; exported to a moderate extent.

Anthracite, a hard, smokeless coal rich in carbon; mined mostly in Pennsylvania, but also largely in South Wales; used as fuel in internal-combustion motors, &c.; exported to France, Italy, Germany, Sweden, Holland, Canada, &c.

Antimony, a metal which forms one of the constituents of type metal, Britannia metal, and other alloys, and is the basis of tartar emetic; ore chiefly from China, Australia, Turkey, Germany, and East India; crude metal chiefly from Mexico, also from China and Ger-

- many; crude metal exported to United States, Germany, Holland, Russia, &c.
- Apes**, New York, Pennsylvania, and Ohio Railroad First Mortgage Bonds.
- Apothecaries' weight**, a system of weight units used by chemists in connection with prescriptions. Its units are the grain, dram, scruple, and ounce.
- Apparel**, imported mainly from France and Germany; exported mainly to British possessions.
- Appartement** (*Fr.*), set of rooms for an individual or a family.
- Appeal**, a right to test the decision of a Court or judge before a higher tribunal.
- Apples**, imported mostly from Canada, the United States, and Australia.
- Application, Form of**, a printed form usually attached to a prospectus of a company for applying for an allotment of shares.
- Appointment**, presentment to an office; exercise of power to confer a benefit under a will or deed.
- Apportionment**, division of contract, rent, encumbrance, damages, or salvage amongst persons entitled to participate in it.
- Appraisal or valuation**, the setting a value upon anything by a licensed valuer: subject to Stamp Duty, varying with the amount of the valuation.
- Appraiser**, a valuer. The licence duty is £2 per annum, unless the appraiser is also an auctioneer.
- Appreciation**, rise in value of any shares or commodity due to increase in demand.
- Apprentice**, a youth serving by indenture to learn a trade or business or seafanship. Although under age, the apprentice is bound by his indentures, as the contract is one for his benefit. As a general system apprenticeship on land has decayed, but there are strong advocates for its revival.
- Appro.**, contraction for *approbation*.
- Approbate and reprobate** (*Sc.*), to seek advantage from one part of a deed and reject the other.
- Approval**, approval, as when goods are sent to be bought if approved: often contracted *appro*.
- Appropriation**, the application of payments to the discharge of particular debts; application of the Consolidated Fund by Government in accordance with the Appropriation Act. If a debtor owes several debts to a creditor, he is entitled to appropriate a payment to any one of them; if he makes no such appropriation, the creditor may determine the appropriation; failing both, a payment is presumed to apply to the debt of longest standing.
- Appurtenances**, those general rights and easements in connection with property which pass with it on its conveyance.
- Apricots**, imported mostly from France.
- Ara**, the Italian form of *are* (*q.v.*).
- Arbiter** (*Sc.*), arbitrator.
- Arbitrage** (*Fr.*), simultaneous, or nearly simultaneous, dealings on the Stock Exchange of two or more countries; selling on one Exchange and buying on another the same securities at practically the same time.
- Arbitration** (*Fr.*, arbitrage; *G.*, Schiedsverfahren; *Sp.*, arbitración; *It.*, arbitrato), submission of disputes to arbitrators and, if necessary, an umpire for settlement. (See III, 25.)
- Arbitration of exchange**, the payment of a debt in one country by a bill payable in another, in order to gain an exchange advantage; may be simple or compound.
- Are**, the metric unit of surface, equal to 100 square metres, or about 119·6 square yards.
- Area**, the Spanish form of *are* (*q.v.*).
- Argent comptant** (*Fr.*), ready money.
- Ariz.**, Arizona.
- Ark.**, Arkansas.
- Arms**, imported chiefly from Germany, France, and Belgium; exported to British possessions and various foreign countries, notably Japan.
- Arms, armorial bearings**, heraldic emblems borne by persons and corporations; subject to taxation.
- Arrangement, Deed of**, an assignment for the benefit of creditors.
- Arrears**, instalments of rent, interest, or debt overdue.
- Arrest**, a term usually applied to criminal procedure, but also applicable to proceedings against a defaulting debtor under the Bankruptcy and Debtors Acts, and to the detention of a ship. A private person can arrest another without a magistrate's warrant, generally only when he sees a felony committed, or on a reasonable suspicion of a felony when a felony has been actually committed, or for a breach of the peace in his presence. A police constable may arrest without warrant on reasonable suspicion of felony, and under special powers.
- Arrowroot**, an edible starch obtained from various West Indian and South American plants, imported almost entirely from the British West Indies.
- Arsenic**, a semi-metallic element occurring naturally in several metallic ores; its compounds are much used in the arts, exported chiefly to the United States.
- Art. works of**, imported chiefly from France and Italy.
- Articles, ship's**, the conditions under which a voyage is undertaken and in accordance with which the crew is engaged.
- Articles of association**, the internal regulations, which must be printed, under which a joint stock company carries on its business. Where no articles of association are drawn up, the company is governed by Table A (see *A. Table*), and this table supplements articles of association wherever deficient.
- Articles of clerkship**, a deed by which a clerk is articulated to a solicitor or other professional man.
- Articles of partnership**, the agreement of partnership, generally contained in a deed.
- Articles of roup** (*Sc.*), conditions of sale by roup or auction.
- Artificial person**, a number of persons united in law and having and acquiring rights and being subject to duties as a whole, e.g. a company or society.
- As per advice**, a phrase often occurring in bills of exchange, referring to a previous notification that the bill would be drawn.
- Asbestos**, an incombustible fibrous variety of the minerals

- hornblende and serpentine, largely used in the arts; imported chiefly from Russia, Canada, Cape Colony, Germany, Portuguese East Africa, United States, and Italy.
- Asphalt**, a solid or semi-solid form of bitumen or natural hydrocarbon, widely used in the arts for paving, roofing, &c.; imported chiefly from Trinidad, Germany, France, Italy, United States, and Switzerland.
- Assay**, testing of coins, gold and silver plate, ore, &c., to ascertain the amount of metal or of precious metal in them.
- Assessed taxes**, taxes levied on the person, such as for armorial bearings and male servants.
- Assessment**, determination of an amount due, whether of damages, debt, or claims under insurance; valuation of income or property for rating or taxation.
- Assessment roll**, a roll prepared annually by rating authorities in Scotland showing the rates to be levied on each ratepayer.
- Assessor**, a person who sits with a judge to advise him as to technical matters; (Sc.) the official who makes the annual valuation for rating.
- Assets** (*Fr.*, actif; *G.*, Aktiva; *Sp.*, activo; *It.*, attività), the property of a person or corporation, real or personal, available for payment of debts: *fixed assets*, land or house property, buildings, fixed machinery, &c.; *floating assets*, cash in hand, debts, stock, &c.; *intangible* (or *fictitious*) *assets*, those not represented by any existing value, e.g. goodwill, *liquid assets*, cash, investments, or other immediately available funds.
- Assignee**, one to whom a right or property has been assigned.
- Assignment, Assignment** (Sc.), the act of assigning or transferring any property, goods, or rights to another by a deed of assignment; the document by which a title has been assigned.
- Assignor**, one who assigns a right or property to another.
- Assize**, in England, the sittings of judges of the High Court in the counties, according to Circuits, for the trial of prisoners and causes.
- Association**, the union of various persons for a special purpose.
- Associé** (*Fr.*), partner.
- Assumption, Deed of**, in Scots law, a deed under which new trustees are appointed.
- Assurance**. See *Insurance*.
- At sight**, a phrase occurring sometimes in bills of exchange, denoting that they are payable on demand, without grace.
- Ath.**, Athabasca.
- Ats.**, at the suit of.
- Attachment**, taking into the custody of the law; attachment of property belonging or debts due to a person, or of a person himself, to secure payment of a debt.
- Attestation**, act of witnessing an instrument, generally a deed or will.
- Attorney**, a lawyer.
- Attorney, Power of**. See *Power*.
- Attorney-General**, the principal Crown law officer in England and Ireland, and elsewhere in the British Dominions. The corresponding officer in Scotland is the Lord Advocate.
- Au courant** (*Fr.*), up to date, well instructed.
- Auction** (*Fr.*, enchère; *G.*, Auktion; *Sp.*, remate, almoneda, subasta; *It.*, incanto), a public sale of goods or property by increasing bids through an agent called an auctioneer.
- Auctioneer**, one who sells goods or property by auction. Licence, £10 per annum.
- Audit** (*Fr.*, audition; *G.*, Revision; *Sp.*, comprobación de cuentas; *It.*, revisione di conti), examination of accounts by an accountant or other person appointed for the purpose; in Scotland the term is used also as equivalent to the English term *taxation* in reference to legal costs.
- Audit Office**, otherwise the Exchequer and Audit Department, the State department which audits and controls the national accounts.
- Auditor**, one who audits accounts; in Scotland, also the taxing master of the Court of Session.
- Authority**, a Board or Council or other governing body exercising statutory powers, such as the Port of London Authority.
- Authorized clerk**, clerk of a member of the Stock Exchange authorized by the Committee to do business on behalf of his principal; as contrasted with an *unauthorized or settling-room clerk*.
- Autograph**, applied to anything written with a person's own hand, especially to a person's signature.
- Autumn drain**, the movement of coin in the autumn months due to spending on holidays and to the activity of agriculture.
- Av.**, average.
- Aval**, an endorsement on a bill of exchange or promissory note guaranteeing payment.
- Average**, the result of adding together a series of numbers and dividing by the total number of the series.
- Average, general** (*Fr.*, avarie commune; *G.*, gemeinschaftliche Haverei; *Sp.*, averia comun or gruesa; *It.*, avaria generale), a contribution made by ship, freight, and goods on board, in proportion to their respective interests, towards any loss or expense incurred for the general safety of the ship and cargo. The special losses that are met in this way include such as the following: jettison of cargo to lighten the ship, damage by water in extinguishing fire, expenses at a port of refuge in case of storm. A general average loss may be either a general average expenditure or a general average sacrifice.
- Average, particular** (*Fr.*, avarie particulière; *G.*, besondere or partikulare Haverei; *Sp.*, averia particular; *It.*, avaria particolare), in marine insurance, a partial loss of the subject-matter insured, which is caused by a peril insured against, and which is not a general average loss.
- Average, petty** (*Fr.*, avarie ordinaire; *G.*, ordinäre or kleine Haverei; *Sp.*, averia ordinaria; *It.*, avaria ordinaria or piccola), a small percentage upon freight payable by the owner of cargo.
- Average adjuster or stater**, the professional man who draws up the statement of amounts due to and from

the parties concerned in a case of general average loss.
Average bond, the agreement in an average adjustment binding the various parties to pay their proportion of general average or other charges when ascertained by the average adjuster.

Average clause, the clause in a marine insurance policy settling the risk covered, with exceptions free from particular average.

Averaging, in Stock Exchange language, denotes the operation of a speculator in increasing transactions at a higher or lower price when the price is moving against him, so that the average price of the whole will be higher or lower than his original purchase or sale.

Avizandum (*Sc.*), for further consideration by the Court.

Avoirdupois, the British system of weights used in general commerce based upon the pound of 16 ounces or 7000 grams.

Award, the finding of an arbitrator or Court of arbitration.

Away-going crop, the crop sown but not reaped before the expiration of an agriculture tenancy, giving a right of compensation to a tenant.

Ayrshire, the Ordinary Stock of the Glasgow and South-Western Railway.

B

B/E, bill of exchange.

B/L, bill of lading.

B/P, bills payable.

B/R, bills receivable.

B/S, bill of sale.

B.E., Bachelor of Engineering.

"B" List, at the winding-up of a company, a list of former shareholders liable to contribute. No former shareholder is liable if he ceased to be a member one year or more from the commencement of winding-up, or in respect of debts or liabilities incurred after his membership ceased. Former shareholders are called upon only if the existing shareholders are unable to make the contributions required of them.

B.P.B., Bank Post bill.

B Stock, preferred stock ranking for dividend before A or deferred stock.

Back, a short form of *backwardation* (*q.v.*).

Back bond or back letter (*Sc.*), a deed by the owner of property, constituting a qualified trust.

Back freight, expenses incurred by a shipmaster in landing, carrying, or forwarding cargo when a merchant neglects to take delivery or send instructions at the port of destination.

Back letter. See *Back bond*.

Backed note, a receiving note, endorsed by a shipbroker, authorizing goods to be taken on board ship.

Backing a bill, lending one's name by endorsement as additional security to a bill.

Backwardation, sometimes contracted to *back*, a Stock Exchange term denoting the amount sometimes paid by the seller of stock, in consideration of delivery being postponed till the next account day.

Bacon, imported from Denmark, United States, Canada, Russia, Holland, Sweden, &c.

Bad debt, a debt written off as never likely to be paid.

Bad Debt Book, a book recording the bad debts of a business.

Bad Debt Ledger, a ledger recording only the bad debts of a business.

Bags, the Ordinary Stock of the Buenos Ayres Great Southern Railway.

Bags and sacks, exported to Argentina, Germany, and many other countries.

Bail, a person giving security for the appearance in Court of another, also the security given.

Bail bond, the bond of obligation entered into by a prisoner, and one standing surety for him.

Bailee, one who receives goods in trust under the contract of *bailment* (*q.v.*).

Bailer or bailor, one who hands over goods to another on trust under a contract of *bailment* (*q.v.*).

Bailie (*Sc.*), similar to the English alderman, but also a magistrate.

Bailiff, an agent or steward of an estate; an officer of a sheriff employed to execute judgments; the officer of a County Court who serves summonses, effects judgments, and levies executions.

Bailment, a contract arising from delivery of goods by one person, called a bailer or bailor, to another, called a bailee, either on deposit, on gratuitous loan, on pledge, on hire, for work to be done, or for the purposes of carriage.

Bailor. See *Bailer*.

Bal., balance.

Balance (*Fr.*, balance; *G.*, Bilanz, Saldo; *Sp.*, balance; *It.*, bilancio), the difference between the two sides (*Dr.* and *Cr.*) of an account; also the process of finding the difference. The amount is usually entered on the side of the smaller total to make it up to the other.

Balance Book, a book showing the balances of accounts.

Balance certificate, a new certificate for the balance of stocks or shares issued after part of that represented by a previous certificate has been transferred.

Balance of trade, the difference between the value of exports and imports, or credits and debits of any country. A creditor country like Britain will have the superficial balance of trade, represented by excess of exports over imports, against it, in the popular sense.

Balance sheet (*Fr.*, balance; *G.*, Bilanzbogen; *Sp.*, hoja de balance. *It.*, stato bilancio), the statement of debits and credits of a particular business, firm, or company, made up to a certain date, comprising a full statement of the assets and liabilities, with the necessary allowances and deductions, usually certified by auditors, and signed by the proprietors or directors or other officials.

Balancing books, the closing of a firm's books at the end of a year or other period in order to ascertain profit and loss.

Balboa, the monetary unit of Panama, represented by a gold coin; equal to the United States dollar.

- Bale**, a large bundle of certain classes of goods, closely pressed together, and often secured by ropes or hoops; also used as a unit of measurement for certain goods.
- Ballast**, that which is used for trimming a ship to increase its weight, apart from the cargo.
- Ballot**, any method of voting by which the voter's decision is kept secret. The Ballot Act, 1870, is applied to nearly all elections for public offices.
- Bananas**, imported from Colombia, Costa Rica, the Canary Islands, and the British West Indies.
- Banco**, literally *bank* or *bench*, used to distinguish the standard money of banks from the current money of any country or place.
- Banging a market**, offering securities on a stock exchange at diminishing prices so as to cause a lowering tendency in the hope of future speculation.
- Bani**, the Rumanian name for a money of account equal to the French centime.
- Bank** (*Fr.*, banque; *G.*, Bank; *Sp.*, banco; *It.*, banco), an establishment for transacting various financial business, such as receiving money on deposit, discounting bills, making loans, &c.
- Bank, joint-stock**, a bank in which the capital is provided by shareholders.
- Bank, private**, a bank managed by an ordinary partnership, with not more than ten partners. If there are more than ten persons concerned, it must be constituted as a company under the Companies Act, or in pursuance of some other Act of Parliament, or of letters patent.
- Bank bill**, a bill of exchange issued or accepted by a bank.
- Bank Charter Act**, an Act passed in 1844 to regulate the Bank of England, especially in regard to the issue of notes. It divided the Bank into an Issue and a Banking Department. The Act was suspended in 1847, 1857, and 1866. There was similar legislation for Scotland and Ireland in 1845.
- Bank holiday**, a day upon which banks are closed under statutory regulations. The bank holidays in England and Ireland are: Good Friday, Easter Monday, Whit-Monday, first Monday in August, Christmas Day and the day after, with St. Patrick's Day (March 17) also in Ireland. In Scotland they are: New Year's Day, Good Friday, first Monday in May, first Monday in August, and Christmas Day.
- Bank note**, a promissory note issued by a bank, payable to bearer on demand. In England notes of less value than £5 are forbidden, but in Scotland and Ireland £1 notes are a familiar form of currency.
- Bank of deposit**, a bank which receives money on deposit at an arranged rate of interest and subject to notice of withdrawal.
- Bank of England**, the chief banking institution in the world, founded in 1694; closely associated with the Government in the management of the National Debt; chiefly regulated by the Bank Charter Act of 1844. Its capital is £14,553,000.
- Bank of issue**, a bank authorized to issue notes.
- Bank post bill**, a kind of promissory note for any sum between £10 and £1000 issued by the Bank of Eng-
- land, payable usually seven days after sight. They are not subject to days of grace.
- Bank rate**, the minimum rate at which the Bank of England will discount bills; it is fixed every Thursday by the directors of the bank. The rate is varied according to the state of the gold reserve, and by it the rates of all other British banks are more or less regulated.
- Bank return**, the weekly report on its financial position which the Bank of England is required to issue under the Bank Charter Act of 1844. It is published each Thursday.
- Banker**, one who receives money on deposit, negotiates loans, discounts bills, &c.
- Bankers' cheques**, cheques drawn by bankers upon one another.
- Banking Department**, distinguished from the Issue Department in the case of the Bank of England in accordance with the Bank Charter Act.
- Bankrupt**, an insolvent debtor who is adjudicated by the court as such under the operation of the Bankruptcy Acts.
- Bankruptcy**, the condition of being bankrupt.
- Bar gold**, gold in bars instead of as coins; a form in which much of the Bank of England gold is kept.
- Bargain**, contract or agreement, especially a purchase on good terms.
- Bargain and sale**, a contract in English law under which property, especially real estate, is conveyed by one person to another for valuable consideration.
- Bark, Peruvian**, the bark of cinchona trees, native to Peru, but now cultivated in several other countries; a source of quinine; imported chiefly from Java.
- Bark for tanning**, imported chiefly from Natal, Belgium, Portuguese East Africa, and Germany.
- Barley**, imported from Russia, Rumania, Asiatic Turkey, United States, India, Tunis, Algeria, Morocco, Persia, Chile, &c.; pearled barley mostly from Holland and Germany.
- Barratry**, illegal or fraudulent acts of the master or crew of a ship affecting the ship and cargo, and against the interests of the owner or charterer.
- Barrel**, a familiar kind of wooden vessel; also used as the name of a standard of measurement, generally between 30 and 40 gall.
- Barrister**, a member of the English, Irish, or Colonial Bar. The Scottish equivalent is *advocate*.
- Barter**, an exchange of goods, instead of a transfer for money.
- Barytes**, sulphate of barium, occurring as a mineral in various countries; used in making pigments, coating art papers, &c.; imported from Germany, Belgium, Holland, &c.; exported to Germany, Russia, United States, &c.
- Basic slag**, a phosphatic manure obtained as a by-product in the Thomas-Gilchrist process of steel manufacture; imported mostly from Belgium; exported to Russia, France, Italy, Germany, Sweden, &c.
- Baskets and basketware**, imported chiefly from Belgium, Holland, Germany, Japan, and France.
- Bays**, the shares of the Hudson's Bay Company.

- Bazaar**, in Oriental countries, a marketplace for the sale of goods; now applied to a special kind of sale on behalf of some special object.
- Bead trimmings**, imported chiefly from France, Germany, and Belgium.
- Beads**, imported chiefly from Italy, Germany, and France.
- Beans**, imported chiefly from China, Asiatic Turkey, India, Morocco, and Egypt; exported to Belgium, France, &c.
- Beans. Haricot.*** See *Haricot beans*.
- Bear** (*Fr.*, baissier; *It.*, Baissier; *Sp.*, bajista; *It.*, bear), one who sells forward hoping for a fall in the market to enable him to buy before having to make delivery of the stock or goods he has contracted to sell; the opposite of *bull*.
- Bearer** (*Fr.*, porteur; *G.*, Inhaber; *Sp.*, portador; *It.*, portatore), the holder of any instrument or security who is entitled to payment or to transfer it without endorsement. "Bearer" scrip, cheques, or bonds, and generally "bearer securities", are negotiated without endorsement or registration.
- Bearer bonds**, bonds payable to bearer, all rights under them being transferable by mere delivery. Interest coupons are attached.
- Bearer securities**, securities not registered in any particular name, as usually in the case of British stocks and shares, but belonging to the bearer for the time being. Dividends are payable to whoever happens to hold the bearer bond or other security, usually on presentation of the proper coupon attached to the bond. No process of formal transfer is required, as with registered stock.
- Bedsteads**, exported to Egypt, Argentina, Turkey, Cuba, South Africa, Australia, India, &c.
- Beef**, imported in *chilled* state from Argentina, United States, &c., in *frozen* state from Argentina, Australia, New Zealand, Uruguay, &c.; a little in *fresh* state from Denmark, Holland, Sweden, &c., a little *salted* from United States, &c.; otherwise preserved (*tinned*, *corned*, &c.) from Argentina, Australia, Uruguay, United States, New Zealand, Belgium, &c.
- Beer**, imported from Germany, Holland, Denmark, &c.; exported to British possessions, United States, Belgium, &c.
- Beet sugar**, imported from Germany, Austria-Hungary, Holland, Belgium, &c.
- Belligerent**, a State actually at war.
- Below par**, said of stocks or shares whose market price is below their nominal or par value.
- Beneficial interest**, the actual advantage derived from a property by the beneficial owner, the title to which is legally vested in another, i.e. the trustee.
- Beneficiary**, a person entitled to the benefit of property though not legally the owner.
- Benzol**, or **benzene**, a liquid hydrocarbon obtained from coal tar, important as a source of many valuable substances, and also for its own uses in the arts; imported from France, Holland, United States, Germany, Russia, &c.
- Bequest**, a gift of personal property by will.
- Berth**, a sleeping-place on board ship; the place of a ship at anchor.
- Berth, on the**, applied to an unchartered vessel loading or discharging or seeking cargo.
- Berth note**, a form of contract designed so that ship-brokers may engage cargo without their being personally liable for freight and demurrage.
- Berthas**, the Deferred Ordinary Stock of the London, Brighton, and South Coast Railway.
- Berwicks**, North-Eastern Railway Consolidated Ordinary Stock.
- Betterment**, increase in the value of property due to public expenditure and improvement; by many regarded as legitimately taxable for public purposes.
- Bex**, Bechuanaland Exploration Company Shares.
- Bicarbonate**. See *Soda*.
- Bichromate**. See *Chromate*.
- Bid**, an offer to buy by naming a price, especially at an auction.
- Bill**, a general term, applied to a statement of account or debit note for goods, and used shortly for *bill of exchange*, also a measure in Parliament.
- Bill. Victualling**, a permit granted by the Customs authorities, allowing a ship to carry duty-free all provisions necessary for the voyage.
- Bill Books**, the Bills Receivable Book and the Bills Payable Book. See these entries.
- Bill broker**, one who negotiates bills of exchange under discount.
- Bill of Costs**, a solicitor's statement, with the items of his charges and disbursements in connection with a client's business.
- Bill of Credit**, a letter of authority to advance money to a named person, to be repaid by the person giving the bill.
- Bill of Entry**, a statement of the nature and value of goods made by an importer or an exporter for customs purposes.
- Bill of Exchange** (*Fr.*, lettre de change; *G.*, Wechsel; *Sp.*, letra de cambio; *It.*, cambiale), an unconditional order in writing, signed by the person giving it (called the *drawer*), addressed to another (called the *drawee*), requiring the latter to pay on demand or at a fixed or determinable future time a certain sum of money to a person named (called the *payee*), or to the order of a specified person, or to bearer. Where the drawee has accepted the bill by signing his name across the face of it, he is called the *acceptor*. The bill cannot be negotiated until the payee has indorsed it; he is then called the *indorser*. The payee may be the same person as the drawer. (See *Foreign Bill* and III, 7.)
- Bill of Health**, a certificate given to a ship's master, signed by a consul or other authority, stating the sanitary conditions and state of health of a port at the time of leaving. The certificate may be "clean", "foul", "suspected", "tainted" or "touched".
- Bill of Health** (*Sc.*), an application by a debtor in custody to be discharged on account of health.
- Bill of Lading** (*Fr.*, connaissement; *G.*, Konnossement; *Sp.*, conocimiento; *It.*, polizza di carico), the document of title to and receipt for goods shipped or to

- be shipped, usually containing all the conditions of carriage.
- Bill of Sale**, a mortgage of goods and chattels, either absolute, or as security, under which they remain in the possession of the person giving it until certain contingencies.
- Bill of Sale** (of a ship), the document by which a British ship or any share therein must be transferred, according to the Merchant Shipping Act.
- Bill of Sight**, the document which authorizes entry of goods at the Custom house, as a provisional landing, when the actual description, quantity, and value are not known.
- Bill of Store**, a licence of the Customs authorities to a merchant entitling him to reimport goods unsold, free of duty, within a certain time.
- Bill of Sufferance**, a permit allowing a ship to proceed from one British port to another without paying duty on goods until actually discharged.
- Bills Payable**, bills payable by a person or firm, of which all particulars are recorded in the Bills Payable Book.
- Bills Receivable**, bills payable to a person or firm, of which all particulars are recorded in the Bills Receivable Book.
- Billet**, a small bar of a metal, especially of iron or steel.
- Bimetallism**, the theory that two metals should be employed as standards of value, i.e. silver as well as gold.
- Binder twine**, twine used in self-binding reaping machines for tying up the sheaves; imported chiefly from the United States.
- Biscuits and cakes**, exported to West Africa, India, France, Java, Canada, &c.
- Bitumen**, an inclusive name for several hydrocarbons, solid and liquid, such as asphalt, pitch, petroleum, naphtha, ozokerite, &c.
- Black list**, a list or category of undesirables, as to credit or reputation.
- Blacking**, imported chiefly from Germany and the United States; exported to France, India, Australia, South Africa, Holland, United States, New Zealand, Belgium, Argentina, &c.
- Bladders, casings, and sausage skins**, imported chiefly from the United States, New Zealand, Argentina, Germany, Australia, Holland, and Canada; exported chiefly to Germany, Holland, and United States.
- Blank bill**, a bill drawn with no payee's name inserted; also a bill with no amount filled in.
- Blank cheque**, a signed cheque in which no amount has been filled in.
- Blank indorsement**, an indorsement on a bill of exchange or other similar document without the addition of any payee's name. Such an indorsement makes the bill payable to the bearer.
- Blank transfer**, a signed transfer of stocks or shares with no name of a transferee filled in.
- Blanket mortgage**, a mortgage absorbing and covering all other mortgages in existence.
- Blanket policy**, an insurance policy over a class of goods of a shifting character, a floating policy.
- Blankets**, exported to South Africa, Australia, Hong Kong, Canada, Straits Settlements, India, &c.
- Bleaching powder**, also called chloride of lime, used extensively in the bleaching industry and also as a disinfectant, &c.; exported chiefly to United States, Sweden, Canada, India, Russia, and Holland; imported mostly from Germany.
- Blockade**, the siege of a port by surrounding it with hostile ships so as to cut off supplies and communication.
- Bloom**, a rolled ingot of iron or steel.
- Blue**, a blue powder or solution used by laundresses, variously composed; exported to British possessions, Argentina, &c.
- Board**, a government department which, in practice or in theory, is made up of several officials, for example the Board of Trade; the directors of a company or a society collectively.
- Board of Trade**, the department of the British Government which chiefly administers commercial and industrial matters. It exists only nominally as a Board, consisting for all practical purposes of the President and his permanent staff. The President is a member of the Cabinet. The Board comprises a number of departments.
- Board of Trade Returns**, the official figures and calculations as to trade issued by the Board's statistical department.
- Boilers**, imported to a small extent from Germany, United States, &c.; exported to Japan, India, Germany, Holland, Belgium, Russia, Australia, Argentina, United States, &c.
- Bolivar**, the chief money of account in Venezuela; about equal to a franc.
- Bolts and nuts**, imported from United States, Belgium, Germany, &c.; exported to British possessions, Argentina, &c.
- Bon** (*Fr.*), meaning *good*; occurring in several French phrases on certain bond coupons; e.g. *Bon pour Cent Francs*, good for a hundred francs.
- Bon Marché** (*Fr.*), good or cheap market; a name used by large retail shops dealing in drapery and miscellaneous goods for cash.
- Bona fide** (*L.*), in good faith; especially in connection with the taking of a security without notice of any defect.
- Bona fides** (*L.*), good faith.
- Bona vacantia** (*L.*), goods and chattels having no apparent owner.
- Bond**, an acknowledgment of a debt or contract made under seal and undertaking to pay; also applied to many bearer securities.
- Bond note**, a form to be filled in by exporters and signed by a Customs official, to permit the removal of goods from a bonded warehouse.
- Bond of corroboration**, in Scotland, a bond in additional security.
- Bond of relief**, in Scotland, a bond of indemnity to a surety.
- Bonded goods**, dutiable goods placed in a bonded warehouse until the duty is paid.
- Bonded warehouse** (or *vault*), a place in which goods are put before the Customs duty is paid, a bond being given that the duty will be paid on the goods being

taken out of the warehouse. Various preparatory operations may be carried out in such a warehouse.

Bones, used as manure; imported from Argentina, Uruguay, Germany, Holland, Belgium, Russia, Egypt, &c.

Bonus, a premium, or extra or exceptional profit; something which is distributed otherwise than as a dividend by a company, or which is added to the amount insured by a life insurance company; a special payment to employees as an inducement to extra exertion or a reward for special service.

Book cloth, cloth for bookbinding; imported to a moderate extent.

Book debts, debts actually owing to the proprietor of a business according to his books at a given time.

Bookkeeping, the keeping of account and record books showing the state and progress of a business.

Books, in a special sense denotes the various books of account appertaining to any business. Books generally are imported chiefly from United States, France, Germany, Holland, and Belgium; exported to British possessions, United States, Germany, France, &c.

Boom, a rise in value due to a quickened demand for stocks or shares on the Stock Exchange.

Boots and shoes, imported mostly from United States, Switzerland, France, and Germany; exported to British possessions, France, Belgium, Argentina, &c.

Boracite, a native chlorinated borate of magnesia, chiefly important as a source of borax; imported mostly from Asiatic Turkey.

Borate of lime, a naturally occurring mineral, from which borax is manufactured; imported chiefly from Chile and Peru.

Borax, a borate of soda, occurring native in California, Tibet, Peru, Hungary, and other countries, and also extensively manufactured; used in preserving meat, soldering, glazing, glass-making, laundry work, &c.; imported mostly from France and Germany.

Borough, in Scotland, *Burgh*, a municipality administering its own local government affairs by a Municipal Corporation or Town Council, in London by a Borough Council.

Borough English, a system of inheritance under which the youngest son succeeds to an estate in the event of intestacy. It obtains in parts of Nottinghamshire and parts of north London.

Borough fund, the rents and profits of all corporate land, and the interest, dividends, and annual proceeds of all money, dues, chattels, and valuable securities belonging to a Municipal Corporation, together with fines and penalties recoverable.

Borough rate, a rate made by a Municipal Corporation to supplement the borough fund.

Bot, bought.

Bottles, imported chiefly from Germany, France, Belgium, Holland, and Sweden; exported to Australia, United States, India, South Africa, Canada, New Zealand, Argentina, &c.

Bottom, a term applied to a cargo ship.

Bottomry bond, a written agreement by which the master of a ship secures the repayment of an advance with

interest by binding the ship itself as security, on the condition that the voyage is successfully completed.

Bought and Sold Notes, the memoranda issued by a broker to the buyer and seller of goods respectively.

Bought Ledger, also called *Purchase Ledger*, a ledger containing accounts relating to goods purchased and the payments therefor.

Bounty (*Fr.*, prime d'exportation; *G.*, Ausfuhrprämie; *Sp.*, bonificación; *It.*, premio), a premium given out of public funds by Government to producers or growers of certain articles or crops, or to certain industries, to lend them encouragement in the interests of the State.

Bourse (*Fr.*, bourse; *G.*, Borse; *Sp.*, bolsa; *It.*, borsa), on the Continent a Stock Exchange or other exchange under Government authority; ordinarily the place reserved for those who buy and sell any given article.

Bran and pollard, the husk of cereals, especially of wheat, the latter being a finer quality containing some flour; used as a food for animals, &c.; imported mostly from Argentina, Brazil, and Chile.

Branch, a localized part of a business which may be treated for bookkeeping purposes as a separate concern.

Brand, a distinguishing mark impressed on goods or the case or packing to indicate a particular manufacture or proprietorship.

Brandy, imported almost entirely from France.

Brass, bronze, and their manufactures, imported from Germany, France, United States, Belgium, &c.; brass and brassware exported to Australia, France, India, Germany, Holland, &c.; former includes all alloys of copper and zinc, latter all alloys of copper and tin.

Breakage, an allowance made for broken goods.

Breaking bulk, the opening of a cask, package, or parcel, and distributing the contents.

Brevet d'invention (*Fr.*), a certificate or declaration of patent rights granted by Government, letters patent.

Breveté (*Fr.*), patented

Bribe, a corrupt gift or promise or other consideration to induce a person to betray his trust, as a secret commission; a criminal offence both in the giver and the taker.

Bricks, exported mostly to Canada, Italy, Holland, Russia, Belgium, France, Japan, United States, India, and Argentina; a small import chiefly from Belgium.

Brief, a solicitor's summary of a client's case for the guidance of a barrister.

Brighton A. Deferred Ordinary Stock of the London, Brighton, and South Coast Railway.

Brimstone, a commercial form of sulphur; imported almost entirely from Italy.

Bristles, imported mostly from Russia, China, Germany, India, and France.

British, the Ordinary Stock of the North British Railway.

British Pharmacopœia, a publication of the British General Medical Council, containing a list of drugs, medicines, and compounds, with the weights and measures and manner of preparation.

British ship, a ship owned wholly by persons of British nationality or by a British corporation.

Broad Arrow, an arrow-shaped mark impressed on all materials employed in British Government ships and dockyards; also on criminals' clothing.

Broker (*Fr.*, courtier, agent de change; *G.*, Makler; *Sp.*, corredor; *It.*, sensale, agente di cambio), a commercial agent employed as an intermediary either for purchase or sale, as a produce broker or a stock broker or to secure a charter, as a ship broker, or to effect an insurance, as an insurance broker; usually paid by commission.

Brokerage, the commission payable to a broker on a transaction, $\frac{1}{2}$ and $\frac{1}{4}$ per cent being very common rates.

Brokers' contract notes, same as *bought and sold notes* (*q.v.*).

Brokers' returns, lists of goods put on board a ship sent to shipbrokers.

Bronze. See *Brass*.

Brooms and brushes, imported mostly from Germany, Belgium, France, and Austria; exported to Australia, United States, New Zealand, South Africa, India, &c.

Brums, the Ordinary Stock of the London and North-Western Railway.

Bubble, a swindling financial proposal; a bogus company flotation.

Bucket shop, a slang term applied to the office of a broker who is not a member of the Stock Exchange, especially to a disreputable one.

Buckwheat, a plant which, though not one of the grasses, is cultivated as a cereal crop in many countries, for human as well as animal food; imported to a small extent from Russia, United States, and France.

Budget, the annual financial proposals of the Chancellor of the Exchequer, afterwards incorporated in the Finance Act.

Building society, a society formed for members to borrow and lend to each other on real or leasehold estate, subject to statutory regulation.

Bulking, mixing the contents of various cases (as of tea) to make one even quality.

Bull (*Fr.*, haussier; *G.*, Haussier; *Sp.*, alcista; *It.*, bull), one who buys stock in the hope of a rise in prices before the day he has contracted to take delivery, when he will sell at a profit; the opposite of *bear*.

Bullion, gold and silver in an uncoined condition.

Bunkers, the place below deck in which coal is loaded for the use of a steamer.

Buoy dues, charges from ships using ports where buoys are provided.

Burden, the carrying capacity of a ship; also spelled *burthen*.

Bureau de change (*Fr.*), an office for the exchange of foreign money.

Bureau Veritas, a register of shipping, similar to Lloyd's.

Burgh (*Sc.*). See *Borough*.

Burglary, breaking and entering a dwelling house between 9 p.m. and 6 a.m. with intent to commit a felony.

Burgundy, a red wine produced in the east of France; imported largely into Britain.

Burthen. See *Burden*.

Bushel, a measure of capacity used for measuring various dry goods, such as grain, fruit, &c. It is equal to 8 gall., and is the capacity of 80 lb. of distilled water at normal temperature and pressure. Its volume equivalent is 2218.192 cu. in. A bushel of wheat is 60 lb., of barley 50 lb., of oats 39 lb. In the United States the old Winchester bushel of 2150.42 cu. in. is still in use.

Butt, a measure formerly used for wine, equal to about 110 imperial gall.

Butter, imported mostly from Denmark; Australia, Russia, Sweden, New Zealand, France, and Holland; a small quantity exported.

Buttons, imported chiefly from Germany, Italy, Japan, France, and United States.

Buyers over, a market term denoting that there are more buyers than sellers.

Buying in, the operation which under the rules of the Stock Exchange is open to a buyer when the seller has not delivered stocks or shares within the ten days' grace allowed from Pay Day. The buyer is then entitled to have the securities publicly bought in on the open market in the House against such seller, if he desires it.

By-laws, regulations made by a statutory company or local authority, under confirmation by Parliament or a Government Department. (See under III, 1.)

C

c., contraction for centime or cent.

C., in temperatures, denotes Centigrade.

C/, coupon.

C/A, capital account.

C/P, charter party.

C.A., chartered accountant.

C.B., Cash Book.

C.E., Civil Engineer (*q.v.*).

c.i.f. (*c. f. and i.*), cost, insurance, and freight, terms indicating that the sale price is inclusive of the original cost at the place of origin, the freight to the port of delivery, and the insurance on the voyage.

C.O.D., cash on delivery, a system in vogue in some businesses, and through the Post Office with some foreign countries, whereby the cash is collected from the buyer by the carrier on the delivery of the goods.

C.P.R., Canadian Pacific Railway.

Cable, cablegram (*Fr.*, télégramme sous-marin; *G.*, Kabeldepesche; *Sp.*, cablegrama; *It.*, cablegramma), a message sent by a telegraphic cable.

Caisse (*Fr.*), a chest where money is kept, or money in hand; a cashier's office or bureau in a business establishment; a cash account or cash book; a bank, e.g. *caisse d'épargne*, savings bank.

Cal., California.

Calculating machine, a machine adapted for carrying out some kind of arithmetical process, so saving time and in many cases ensuring accuracy.

Caleys, the Ordinary Stock of the Caledonian Railway.

Call (*Fr.*, appel de fonds; *G.*, Einzahlungsaufforderung;

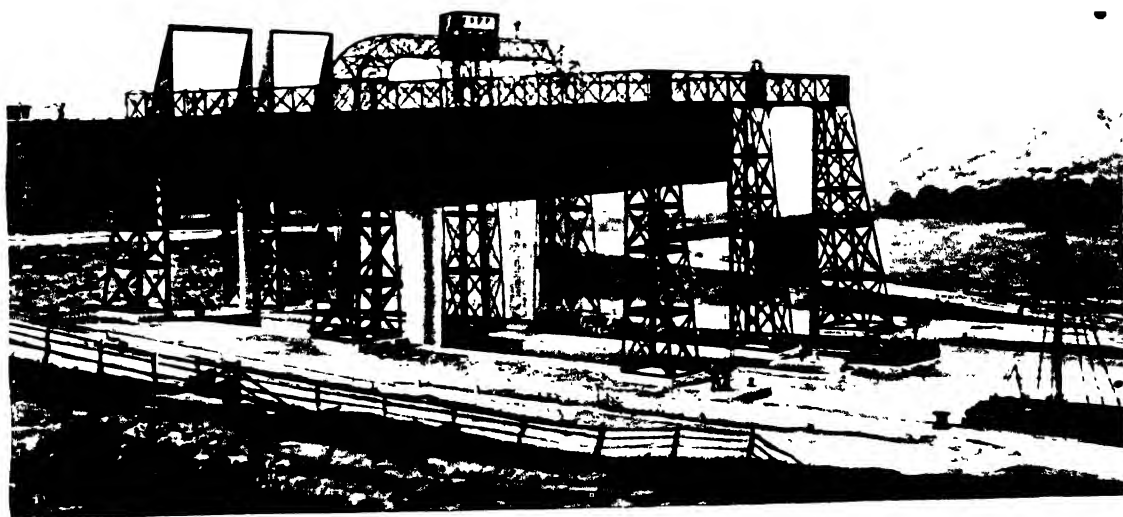
- Sp.*, citación; *It.*, chiamata), a formal demand made for the payment in part or in whole of the balance due above what has been paid on the allotment of shares; also applied to the money actually so called; an option to purchase a certain number of bonds, shares, or amount of stock on giving notice as stipulated.
- Call book**, a book in which are recorded the various calls due by shareholders of a company, with all necessary particulars regarding them.
- Call money**, money lent to a bill broker repayable on demand.
- Call of more**, the privilege when a fixed amount is paid of calling a further amount at the same or a given price.
- Called bond**, a foreign bond called in for redemption after being drawn for that purpose.
- Cambio**, used in Holland to denote exchange.
- Cambist**, derived from the Italian *cambista*, a broker who deals in foreign bills of exchange, or exchanges foreign money.
- Camels' hair**, imported from China, Russia, &c.
- Canal** (*Fr.*, canal. *G.*, Kanal. *Sp.*, canal. *It.*, canale), an artificial waterway.
- Cancellation**, annulment; of a document usually effected by crossing through the signature, or by writing the word "cancelled" across it. A stamp is cancelled by writing the date or the date and a signature over it.
- Candlemas**, the first quarter-day in Scotland, falling on February 2.
- Candles**, imported from Germany, Holland, Belgium, France, &c.; exported to Morocco, India, Argentina, New Zealand, Canaries.
- Cane sugar**. See *Sugar*.
- Canes and sticks**, imported mostly from Hong Kong, Java, Japan, Straits Settlements, China, and Germany.
- Canpacs**, shares of the Canadian Pacific Railway.
- Canvassers**, the personal solicitation of custom or orders by canvassers calling on prospective customers; the seeking of votes or support for a candidate for a public office, often in the case of public appointments made a disqualification.
- Caoutchouc**. See *Rubber*.
- Capacity**, the state of being qualified by law to enter into a contract.
- Capital** (*Fr.*, capital; *G.*, Kapital; *Sp.*, capital; *It.*, capitale), the total sum or general assets employed in any business or adventure, either fixed or circulating. *of a company*, *nominal* or *authorized*, the amount registered as the potential capital; *actual*, the amount called, or for which shares have actually been issued.
- Capital Account**, in the books of a company an account showing the amount and condition of its capital with all influences affecting it.
- Capitalist**, a possessor of capital.
- Capitalize**, to state an annual or other periodic sum as an equivalent single payment.
- Captain's entry**, an entry by a ship's captain in a case where the whole cargo has to be discharged at a particular place.
- Capture**, a taking by a belligerent—one of the excepted risks in a marine insurance policy.
- Caramel**, a brown substance prepared by heating sugar, used for colouring foods and drinks; also a sweetmeat containing chocolate, sugar, and butter; imported from Germany, Holland, Belgium, &c.
- Carat**, a measure of weight for precious stones, about 3.2 grains; also used to express the proportion of gold in an alloy, divided into 24 parts. Thus, an article of 18-carat gold contains three parts of gold to one of alloy (18 out of 24 being pure gold).
- Carbide of calcium**, used in making acetylene gas; imported chiefly from Norway and Italy, where it is manufactured by electrical methods; a little exported.
- Carbolic acid**, or *phenol*, manufactured from coal tar; a valuable antiseptic but a deadly poison; exported to Holland, United States, Germany, &c.
- Carbonate of ammonia**, or *sal volatile*, really a mixture of the bicarbonate and the carbonate of ammonia, manufactured by heating a mixture of sulphate of ammonia or sal-ammoniac with ground chalk to a red heat; exported to Germany, Russia, &c.
- Card index**, a method applied in varying form to all businesses of keeping records by cards.
- Card ledger**, a ledger consisting of cards filed in a tray instead of a book; very convenient for withdrawal of dead accounts, extension of live accounts, &c.
- Cards playing**, imported mostly from the United States.
- Cargo** (*Fr.*, cargaison. *G.*, Kargo, Ladung. *Sp.*, carga; *It.*, carico), usually the entire load of a ship, not including the equipment, ship's stores, or ballast.
- Cargo Book**, a book in which shipbrokers show particulars of all goods taken on board a ship.
- Carpets**, imported from Turkey, Belgium, Germany, France, Persia, &c.; exported to Canada, Australia, New Zealand, Argentina, Egypt, Holland, India, &c.
- Carriage** (*Fr.*, port. *G.*, Fracht; *Sp.*, porte; *It.*,nolo), a charge made for carrying goods, especially by railway.
- Carriage forward**, a notice to the effect that the charge for carriage on goods sent has to be paid by the consignee on delivery.
- Carriage paid**, a notice signifying that the charge for carriage on goods sent has been already paid by the sender.
- Carrier**, a person or company undertaking the carriage of goods.
- Carrying over**, on the Stock Exchange, continuing a bargain to the next account.
- Cartage**, a charge for carting goods.
- Cartage note**, a statement of charges for carting goods.
- Cartel**, a word used on the Continent to describe a combine of several firms for regulating prices, &c.
- Casein**, the nitrogenous constituent of milk and cheese, used in several industrial arts, such as papermaking; imported to some extent.
- Case of need**, *In*, a phrase used in a special endorsement of some bills of exchange, indicating the name of one who will pay for the honour of the drawer or an indorser if necessary.
- Cash** (*Fr.*, argent; *G.*, Kasse, Geld; *Sp.*, caja; *It.*, con-

- tanti), actual money, strictly in coins or notes, but generally including ready money in hand and balance at bank.
- Cash**, a name applied to various coins of low value in the East Indies and China; especially a Chinese coin made of an alloy of copper and lead. The Chinese cash has a square hole in the centre, and 1000 of it equal a tael (q.v.).
- Cash account**, an account showing cash received on one side and cash paid out on the other.
- Cash bonus**, in life insurance, a portion of the profits paid over to an insured person in money.
- Cash Book**, the book in which the ordinary receipts and payments of a business are entered.
- Cash credit**, a system once general in Scotland under which a current account was allowed to be overdrawn, security being given by two cautioners, and interest being paid on any actual overdraft.
- Cash order**, a kind of bill of exchange payable on demand.
- Cash sales**, sales for immediate or prompt payment.
- Cashier**, a person entrusted with the supervision of the receipts and payments of a business.
- Cassation, Cour de**, the Supreme Court of France, which only hears appeals.
- Cassava**, the starchy roots of two species of South American plants now widely cultivated throughout the tropics; it forms the tapioca of commerce. See *Tapioca*.
- Casting vote**, a right to vote given to a chairman, in addition to his ordinary vote, to be used in case of equal voting at a meeting.
- Castor oil**, imported from India, Belgium, France, Italy, &c.
- Castor seed**, imported from India, Brazil, &c.
- Casualty**, the occurrence of loss, abandonment, stranding, or other injury of a ship as defined by the Merchant Shipping Act.
- Catching bargain**, an agreement made for an inadequate consideration with an expectant heir.
- Catechu**. See *Cutch* and *Gambier*.
- Cattle foods**, other than oilcake, imported chiefly from Java, Holland, United States, Belgium, France, and Germany; exported to Germany, Belgium, Holland, Denmark, Channel Islands, France, &c.
- Catty**, in China and the East, a unit of weight, equal $1\frac{1}{4}$ lb.
- Cause**, a term applied to a case for trial on the civil side.
- Caustic soda**, sodium hydrate, manufactured by acting on carbonate of soda (as produced in the alkali industry) with slaked lime: used in soapmaking, paper-making, dyeing, &c.; a small quantity imported from Germany and Belgium.
- Caution, cautionary (Sc.)**, security, bail.
- Cautioner (Sc.)**, surety or guarantor.
- Caveat**, a notice entered in the Court in Admiralty or Probate actions, or one registered so as to prevent an act being done.
- Caveat emptor (L.)**, let the buyer beware, meaning that the rule is in most cases, where a warranty is not given, that the purchaser takes the risk as to the quality or fitness of the article purchased.
- Cavendish**, or *negrohead*, a variety of tobacco in compressed cakes.
- Cd.**, command paper, imprinted on Bluebooks and other papers issued by the order of Parliament.
- Cellarage**, a charge made for storing in a cellar.
- Celluloid**, or *xyloite*, a mixture of pyroxylin, prepared from gun-cotton and camphor, forming an ivory-like solid substance, which is used in making a great variety of substances. It is very inflammable.
- Cement**, imported chiefly from Belgium; exported to India, Argentina, Brazil, Australia, South Africa, Canada, New Zealand, Chile, &c.
- Cenpacs**, Central Pacific Railway common stock.
- Censorship** (of the Drama), the discretion of the Lord Chamberlain, exercised through his appointed Examiner of Plays, over the production of dramatic pieces which require his licence.
- Census**, the numbering of the population, which takes place every ten years in Britain, the United States, Austria, Italy, Belgium, Spain, Portugal, Norway, and Sweden, but every five years in France and Germany.
- Census of production**, the periodical statistics as to certain trades prepared by the Board of Trade under an Act of 1906.
- Cent**, a small coin in many countries; one-hundredth part of a dollar in the United States and Canada; in France (centime), one-hundredth part of a franc; one hundredth of a rupee in Ceylon; one-hundredth of a guilder or florin in Holland. See also *Cent* and *Centesimo*.
- Cent**, contraction for the Latin word *centum*, a hundred as in *per cent*.
- Cental**, a name for a weight of 100 lb, imperial, used chiefly in the corn trade. Compare *centner*.
- Centavo**, a money of account in various countries, mostly of America, equal to one-hundredth of the chief money of account.
- Centesimo** (in plural *centesimi*), in Italy, one hundredth of a lira, equal to the French centime; in Spain, one hundredth of a peseta.
- Centigrade**, the name of the thermometer scale in which the freezing- and boiling-points are denoted by 0 and 100 respectively.
- Centime**, one-hundredth part of a franc in France and some other countries with the same monetary system.
- Centimetre**, in the metric system, one-hundredth of a metre, equal to very nearly two-fifths of an inch.
- Centner**, in Germany and Denmark, a weight of 100 lb, the pound being half a kilogram; equal to 110.2 imperial pounds.
- Centrals**, the shares of the New York Central Railway.
- Certificate**, a statement in writing certifying a particular fact or the ownership of a species of property, as the document issued by a company under its seal conferring a title to shares or stock.
- Certificate of damage**, a document issued by dock companies certifying damage to goods received and its cause; required before compensation can be claimed.
- Certificate of incorporation**, a document issued by the Registrar of Companies constituting a new company.
- Certificate of mortgage or sale**, a document issued by



ENTRANCE TO THE SUEZ CANAL AT PORT TEWIK

(By Permission of Messrs. Suez Canal Co. Ltd.)



HYDRAULIC CANAL LIFT AT LA FOUVERIE, BELGIUM

(By Permission of Messrs. Clark & Standfield, Engineers)

- the registrar enabling the owner of a ship to empower someone else to mortgage or sell the ship when away from the country of the port of registry.
- Certificate of origin**, a statement in writing to the effect that the goods named therein are the product or manufacture of a particular country; especially required to accompany the invoice of goods claiming the benefit of a preferential tariff.
- Certificated bankrupt**, a person who holds a certificate from the Bankruptcy Court certifying that his debts have been cancelled.
- Certificated cheque**, in the United States, a cheque accepted by a banker as good.
- Certified copy**, copy of a document of which the accuracy is vouched by a public official.
- Certified transfer**, a transfer of shares or stock in a company duly certified by the secretary or the registrar.
- Cesser clause**, a clause in a charter party providing that the charterer's liability shall cease on the shipment of the cargo.
- Cessio bonorum** (Sc.), a process against a living debtor who is not a bankrupt; an assignment for the benefit of creditors.
- Cestui que trust**, a beneficiary; a person for whose benefit a trust is effected.
- Ceteris paribus** (L.), other things being equal, eg. centigrade.
- Chain**, a unit of length used chiefly in surveying, equal to 22 yd. It is divided into 100 links.
- Chain rule**, an arithmetical device which is useful in certain classes of calculations, especially relating to exchanges.
- Chairman**, one who presides at a meeting, the director elected to the chair of a Board, who usually has the casting vote.
- Chamber**, an association for the interests of trade, either generally, as a Chamber of Commerce, or specially directed to a particular industry, as the Chamber of Shipping.
- Champagne**, a wine of varied character produced in the east of France; imported almost entirely from France.
- Champertry**, a bargain between a party to an action and a third person to divide the proceeds of successful litigation, in consideration of the third person providing costs; an illegal transaction.
- Change**, abbreviation for exchange.
- Charcoal**, a form of carbon prepared by charring wood, bones, sugar, &c.; used in filters, as a disinfectant, for fuel, &c.; imported to a small extent; also exported.
- Charge**, a duty or obligation imposed upon a person, an obligation imposed by contract, an imposition upon property for the purpose of securing a payment.
- Charge and Discharge**, in Scotland, a form of accounts used chiefly in connection with trust and executry matters.
- Chargé d'Affaires**, a diplomatic representative of a degree inferior to that of an ambassador or minister.
- Charges forward**, an intimation that the charges upon goods are to be paid by the consignee on delivery.
- Charging order**, an order in favour of a judgment creditor charging any specific property, stock, or shares with the amount of his judgment debt.
- Chart**, a map for the guidance of navigators.
- Charter**, a grant by Royal authority, as of privileges to a borough or society, or of trading rights to a company.
- Charter party** (*Fr.*, chartre-partie; *It.*, Charterpartie, *Sp.*, contrato de fletamento; *Il.*, contratto di noleggio), the instrument by which a ship is engaged either for time or for the voyage.
- Chartered accountant**, one certified as having passed the examinations of the Institute of Chartered Accountants.
- Chartered Bank or Company**, a bank or company with power derived from a Royal Charter.
- Charterer**, one who takes a ship on charter by time or voyage, freighter.
- Chassis**, the mechanical part of a motor car, apart from the body.
- Chats**, the Ordinary Stock of the London, Chatham, and Dover Railway.
- Chattel**, *movable or personal*, an article apart from realty; *real*, an interest in land for a fixed term, as a leasehold.
- Cheap money**, money obtainable at a low rate of interest without difficulty.
- Cheese**, imported mostly from Canada, New Zealand, Holland, United States, Italy, France, Australia, and Switzerland; exported to India, &c.
- Cheque** (*Fr.*, chèque; *It.*, Scheck; *Sp.*, cheque; *Il.*, cheque), a bill of exchange drawn on a banker payable on demand. A cheque "to— or Bearer" needs no indorsement; one "to— or Order" must be indorsed by the payee; the latter is the more usual.
- Cheque rate**. See *Sight rate*.
- Cherries**, imported from France, Belgium, Holland, Germany, &c.; drained cherries from France, Italy, &c.
- Chetvert**, a Russian measure of capacity for dry goods, equal to 5·77 imperial bushels.
- Chick pea**. See *Gram*.
- Chicory**, the root of the chicory plant, used in a ground state to mix with coffee, imported from Belgium, Germany, Holland, France, South Africa, &c.
- Chinaware**. See *Earthenware*.
- Chip boxes**, imported from Sweden, Germany, &c.
- Chloral hydrate**, a crystalline compound of chloral and water, the former being an oily liquid prepared by passing chlorine gas into absolute alcohol; arrests decomposition in meat, &c.; a poison and an antidote to strychnine; imported mostly from Germany and Switzerland.
- Chloroform**, a pleasant-smelling liquid prepared by the action of bleaching powder on alcohol; a valuable anæsthetic, and useful in other ways; imported mostly from Germany and the United States.
- Cho**, a Japanese unit of area, equal to 2·45 acres.
- Chocolate** and manufactured cocoa, imported from Holland, Switzerland, Germany, &c.; exported to Australia, Canada, United States, New Zealand, &c.
- Chop**, a term used in the East to indicate brand of goods.
- Chose in action**, a right to sue for a debt, damages, or

- other property as opposed to a *chose in possession*, which includes its actual enjoyment.
- Chromates of potash and soda**, especially *bichromate of potash*, are extensively used in the arts, in calico-printing, dyeing, tanning, photography, the manufacture of pigments, &c.; exported to France, Germany, Holland, Canada, Belgium, Spain, &c.
- Chutney**, a condiment prepared chiefly in India from various fruits highly seasoned with Cayenne pepper, spices, &c.; imported almost entirely from India.
- Cider and perry**, drinks prepared from the fermented juice of apples and pears respectively; imported from United States, France, &c.
- Cigarettes**, imported from Egypt, France, Turkey, Germany, &c.; exported to China, India, Straits Settlements, New Zealand, West Africa, Ceylon, &c.
- Cigars**, imported from Cuba, Philippine Islands, India, Holland, Mexico, Belgium, Germany, &c.
- Cinnamon**, a spice obtained from the bark of a laurel-like plant; imported mostly from Ceylon and the Seychelles.
- Cipher**, writing in a secret code; the figure 0.
- Circular**, a general letter sent out to a number of persons, as distinguished from a particular communication.
- Circular notes**, notes given by a bank usually issued for amounts not less than £10 to a person going abroad, enabling him to obtain funds from the bank's agents or correspondents.
- Circulating medium**, the money of a country, employed as a common measure of the value of commodities, and passing from hand to hand in purchases and sales.
- Citron**, a fruit similar to the lemon (q.v.).
- Civil Service**, the service of the Crown on its civil side, those employed in Government offices, positions in which are mostly secured by competitive examination.
- Claras**, No. 1 Deferred Ordinary Stock of the Caledonian Railway.
- Clarettes**, No. 2 Deferred Ordinary Stock of the Caledonian Railway.
- Clay, China**, exported to United States, Germany, Holland, Belgium, France, Russia, &c.
- Clay, Fire**, exported to Spain, Holland, Canada, Italy, &c.
- Clean**, a term applied to a bill, receipt, acceptance, &c., when it is a document without reservation.
- Clear days**, days intervening between and not including two given days.
- Clearance**, of a ship, permission to sail given by the officials of Customs after payment of dues, &c., and the furnishing of lists of passengers in emigrant ships.
- Clearance sale**, a sale of stock remaining on hand at reduced prices.
- Clearing House**, in banking, the house where drafts are cleared as between various bankers by a settlement of differences; similarly on the Stock Exchange, the room set apart for the clearing of stocks and shares by members receiving and paying the differences between the amount bought and sold; and in connection with railways the Railway Clearing House deals with the adjustment of through bookings and all similar business affecting more than one railway.
- Clerk of the Peace**, the clerk to the Court in county or borough quarter-sessions, the former also being clerk of the County Council in England (outside London).
- Client**, one who employs a solicitor professionally, also extended to other kinds of more or less professional employment.
- Clocks**, imported mostly from Germany, United States, France, Belgium, and Switzerland; exported to British possessions, &c.
- Closing prices**, the prices obtaining between 3 and 4 o'clock outside the official hours of marking bargains in the Stock Exchange.
- Clover and grass seed**, imported from France, Germany, United States, &c.
- Club**, an association of persons for a business, benefit, or social purpose.
- cm.**, centimetre.
- Co.**, County.
- Coal**, exported mostly to France, Italy, Germany, Sweden, Russia, Egypt, Argentina, Denmark, Holland, Spain, Norway, Belgium, Brazil, Algeria, Portugal, Austria, Canaries, and Uruguay.
- Coal tar**, a black, viscous fluid obtained by condensing the vapours from the destructive distillation of coal, used widely in a crude form for many purposes, but even more as a source of many valuable substances, such as carbolic acid, creosote, benzol, noline, anthracene, naphtha, and naphthalene; exported crude to India, Russia, &c.; exported refined to India, Portuguese East Africa, &c.
- Coastguard**, men whose duty it is to keep watch along a coast.
- Coasting trade**, trade between ports of the same country.
- Cocaine**, an alkaloid obtained from the coca plant, a shrub which grows in South America and has been introduced into other tropical countries; useful as a local anæsthetic, imported mostly from Peru and Germany.
- Cocoa**, imported from the British West Indies, British West Africa, Ecuador, Brazil, Ceylon, German West Africa, Germany, Portugal, France, Hayti, &c. See also *Chocolate*.
- Cocoa butter**, a fatty substance obtained from the cocoa plant, used industrially in various ways; imported from Holland, Germany, Brazil, &c.
- Cocoonut oil**, imported unrefined from Ceylon, Germany, Australia, India, France, Belgium, &c.; refined from France, Germany, Belgium, Denmark, &c.; exported unrefined to United States, &c.; refined to Holland, United States, Denmark, &c.
- Cod**, exported *fresh* to Germany, Belgium, &c.; *cured or salted* to Spain, Cuba, Brazil, &c.
- Code**, a collection of assorted words to which numbers or meanings are attached, as a telegraph code; a concise statement of the law upon any particular subject, especially one which has received legislative sanction, as in the case of the Bills of Exchange and Partnership Acts.
- Codicil**, an addition to or alteration in a will to be read with the will, which must be executed with the same formalities.
- Codification**, the embodiment of the whole law of a

- country on a particular subject in a single Act or code; e.g. Sale of Goods Act, Companies (Consolidation) Act, Bills of Exchange Act, &c.
- Codilla**, the coarse tow of flax or hemp.
- Coffee**, imported raw from Brazil, Costa Rica, Guatemala, India, Colombia, San Salvador, Mexico, Nicaragua, &c.; manufactured from Holland, Germany, Belgium, France, United States, &c.; some prepared coffee exported.
- Coir yarn**, made from the fibre of the cocoanut husk; useful for making mats, &c.; imported from India chiefly, but a little from Germany, &c.
- Coke**, prepared from coal by heating in a suitable oven; imported to a small extent from Germany, &c.; exported to Sweden, Denmark, Spain, Norway, Russia, Italy, &c.
- Collated telegram**, a telegram repeated in transmission to ensure accuracy.
- Collateral**, a relation by the side and not by direct line.
- Collateral security**, a separate obligation, transfer, or deposit of property to secure the performance of a contract, above and beyond the stipulations of that contract.
- Collectivism**, the economic doctrine that the means of production and distribution of wealth should belong to the State as representing the whole community; practically synonymous with Socialism.
- Colliery guarantee**, an undertaking by a colliery to load a ship at so many tons per hour or day, or in a given time, under penalties for default; such guarantee being usually incorporated with the charter party.
- Collision**, the contact of a vessel with another or with a harbour or works or buoy, causing damage.
- Collodion**, a viscid liquid prepared by dissolving gun-cotton in a mixture of ether and alcohol; used in photography, surgery, &c.; imported to a small extent from Germany.
- Collusion**, a deceitful agreement between some persons to the prejudice of others.
- Colo.**, Colorado.
- Colon**, the monetary unit of Costa Rica, valued at 1s. 11d.
- Colonial preference**, a tariff system under which Britain would impose higher import duties upon imported foreign goods than upon similar goods imported from the British colonies.
- Columnar system**, a system of keeping books which is well adapted to certain businesses; also called the *tabular system*.
- Com.**, commission.
- Combine**, an association of traders, or of those controlling an industry, in order to fix prices, control production, &c.; not so complete an association as a *trust* (q.v.).
- Comity of Nations**, an expression indicating the extent to which the laws of one nation are recognized as having effect within the territory of another.
- Commandite**, in France, a system of partnership with managing and investing partners, the latter with limited liability; equivalent to *limited partnership* in Britain.
- Commerce** (*Fr.*, commerce; *G.*, Handel; *Sp.*, comercio; *It.*, commercio), interchange of commodities either by barter or by means of money; trade.
- Commercial attaché**, a government official attached to an embassy to look after the commercial interests of home traders.
- Commercial Court**, the Court for the trial of commercial causes, with or without a jury, presided over by a judge of the King's Bench Division specially assigned.
- Commercial crisis**, a period of depression in trade or financial panic, such as periodically occurs, often without any clearly defined specific cause.
- Commercial Intelligence Department**, the branch of the Board of Trade dealing specially with commercial information and trade openings.
- Commercial (Mercantile) Law**, the law relating to transactions in commerce.
- Commercial traveller**, one who travels to visit customers and solicit orders.
- Commercial treaty**, an agreement between two countries for the adjustment of their respective tariffs in favour of each other.
- Commission**, an order, a charge or undertaking; of a traveller or agent, a payment for services by a percentage on the price; a body appointed to perform certain duties, as a Royal Commission of Inquiry.
- Commission agent**, the representative of a firm who is paid by a percentage on the sales he effects.
- Commissionaire**, a messenger, especially a member of the Corps of Commissionaires, ex-service men.
- Commissioner for Oaths**, a person, usually a solicitor, with authority to administer an oath. See *Affidavit*.
- Committee** (*Fr.*, comité; *G.*, Komitee; *Sp.*, comité; *It.*, comitato), a smaller body selected from a larger, or the whole body sitting informally, for a special purpose; the legal representative of a lunatic.
- Committee of Inspection**, a small committee of creditors appointed to superintend the trustee in the administration of a bankrupt estate, in Scotland represented by the commissioners in a sequestration.
- Commodity**, an article of trade or commerce.
- Common carrier**, a carrier who undertakes generally to carry the goods of all persons.
- Common employment**, the doctrine that a servant cannot claim against an employer for injuries sustained through a fellow-servant's fault; now largely abolished by statute.
- Common good**, a fund which some Scottish municipalities possess apart from rates, and administer at their discretion.
- Common law**, the ancient law of England as now modified by statute and decisions in previous cases, and also contrasted with Equity. There is no such thing in Scotland as Equity distinct from Common Law.
- Communism**, an advanced form of Socialist theory, contemplating a society based upon complete community of property.
- Commutation**, the removal of an obligation, especially of periodic payment, by making a single money payment.
- Company, joint-stock** (*Fr.*, société anonyme; *G.*, Aktiengesellschaft; *Sp.*, sociedad anonima or por acciones; *It.*, società per azioni or anonima), a trading company whose capital is provided by a number of people called shareholders; now usually *limited*. (See next entry.)

- Company, limited** (*Fr.*, société à responsabilité limitée; *G.*, Gesellschaft mit beschränkter Haftung; *Sp.*, sociedad à responsabilidad limitada; *It.*, società a responsabilità limitata), a trading association with capital subscribed by members whose liability is limited to their agreed contributions; may be limited by guarantee or more usually by shares.
- Compensation**, an amount awarded in satisfaction of loss arising to another party in various ways.
- Composition**, an arrangement between a debtor and a creditor to accept part of the debt in settlement of the whole: usually applied to an arrangement between a debtor and the majority of his creditors to accept so much in the £.
- Compound interest**, interest upon principal and also upon accrued interest not paid over.
- Compromise**, a settlement of a dispute or a difference by concessions on both or on all sides.
- Con.**, contra, against; on the opposite side.
- Concession**, a privilege granted to an individual or corporation (*cessionnaires*) by a superior authority, authorizing certain acts, as the development of a territory or the working of a mine.
- Concessionaire**, one to whom a concession or privilege has been granted.
- Conciliation Board**, a board for the settlement of trade disputes.
- Condition**, a provision in a contract either express or implied, a breach of which excuses performance.
- Conditions of sale**, the formal terms under which a particular estate is offered for sale.
- Condor**, a gold coin of Ecuador, equal to 19 sucres, or £1.
- Confectionery**, imported mostly from Switzerland, Germany, and United States; exported to British possessions and many foreign countries.
- Conference**, an association between shipowners on certain routes to combine and pool their interests.
- Confirmation note**, a slip sent along with an order on which the receiver can acknowledge receipt of the order, thereby confirming it.
- Conn.**, Connecticut.
- Conscience money**, money which a person feels bound to pay without being legally compelled, as the anonymous remittances sent to the Chancellor of the Exchequer to make up underpayments of Income Tax.
- Consideration**, the inducement for a contract.
- Consignee**, the person to whom a consignment is sent.
- Consignment** (*Fr.*, consignation; *G.*, Konsignation; *Sp.*, consignación; *It.*, consegna), goods sent by a carrier from a merchant to a dealer; goods sent to another to be sold for and on account of the sender.
- Consignment note**, the statement required by railways and other carriers to be filled in by the sender of goods, containing the terms of carriage.
- Consignor**, the person who sends a consignment.
- Consol account**, the day fixed by the committee of the Stock Exchange for settlement of transactions in the Consol market.
- Consolidated**, a union of several issues and conversion into fresh stock at a fixed rate of interest; sometimes a fusion of shares.
- Consols**, the premier British Government security, Consolidated Fund or Stock, forming part of the National Debt, and now bearing interest at $2\frac{1}{2}$ per cent.
- Conspiracy**, an offence liable to both civil and criminal proceedings, where two or more persons agree to do an unlawful act or a lawful act in an unlawful manner.
- Constructive total loss**, in marine insurance, occurs where the subject-matter insured is reasonably abandoned on account of its actual total loss appearing to be unavoidable, or because it could not be preserved from actual total loss without an expenditure which would exceed its value when the expenditure had been incurred. In such a case the assured may either treat the loss as a partial loss, or abandon the subject-matter insured to the insurer, and treat the loss as if it were an actual total loss.
- Consul** (*Fr.*, consul; *G.*, Konsul; *Sp.*, cónsul; *It.*, console), a representative of a nation and a nation's commerce in a foreign country. The various grades are consul-general, consul, vice-consul, and consular agent.
- Consul-general**, the principal consular representative of any country in another, with his headquarters in the chief trading port or the capital.
- Consulage**, fees paid to a consul for the discharge of certain duties.
- Consular agent**, the lowest grade of consular representative of a country in a foreign port or other place.
- Consular invoice**, an invoice, signed by a consul, which is necessary in the case of goods exported to certain countries. Copy invoices accompanied by declaration of the merchant, with full particulars of the goods and the consular fee, must be lodged with the local consul, and the particular country's regulations observed.
- Consulate**, the office and residence of a consul, enjoying certain privileges.
- Contango**, the charge paid by a buyer on the price of stock who is unable to take it up and arranges it to be carried over or continued until the next account day.
- Contango day**, the first of the three settling days on the Stock Exchange, devoted to carrying-over arrangements; otherwise called *making-up day* or *continuation day*.
- Contingency**, an event or a liability which may arise.
- Contingent account**, an account made for meeting unforeseen contingencies; a reserve account.
- Contingent liability**, a liability dependent upon the happening of some possible but not certain event.
- Continuation clause**, a clause in a marine insurance time policy providing for the continuation of the risk under stated conditions at the conclusion of the stipulated period.
- Continuation day**, the first of the three settlement days on the Stock Exchange, also called *contango day* (q.v.).
- Contra** (*L.*), against, on the other side.
- Contraband**, articles the importation of which into a particular area is prohibited by the Customs laws of the country, or during war by international law.
- Contract** (*Fr.*, contrat; *G.*, Vertrag; *Sp.*, contrato; *It.*, contratto), an agreement or promise or undertaking enforceable at law.

- Contract note**, the note sent by a stockbroker to his client advising a transaction.
- Contracting out**, an agreement to prevent the operation of the ordinary law, common in certain cases until by statute, as in the Workmen's Compensation Act, it was made illegal.
- Contractor**, an undertaker of works, especially building or engineering, under contract.
- Contributory**, a person liable to contribute to a claim; a shareholder with unpaid calls; one liable to contribute to make up deficiency of assets, either on the A or B lists.
- Conversion**, a wrongful interference with the possession of goods; a change in the nature of the property, either actual or constructive, as land into money or *vice versa*; also used in relation to securities or stock to denote an alteration of their character in some way.
- Convertible paper currency**, a paper currency exchangeable for full face value on demand.
- Convertible stock**, debentures or preference stock with the option of conversion at a fixed rate at some time or other into a certain quantity of another class.
- Conveyance**, the legal instrument conveying property from one person to another; the act of conveying.
- Convoy**, protection afforded to merchantmen during hostilities by ships of war.
- Co-operation**, the carrying on of an industry or business by methods which secure the direct participation in its benefits of those interested.
- Co-operative Society**, a society which supplies goods to or performs services for its members, who share the profits.
- Co-partnership**, a system of carrying on business for the benefit of a large number of small persons either jointly owning or receiving a share of the profits in addition to their wages.
- Co-partnership tenancy**, a system of tenancy of houses, usually found in connection with garden suburbs, in which the houses are held by tenant shareholders in a registered society owning the whole of the houses.
- Copeck**. See *Kopeck*.
- Copper unwrought**, imported from United States, Australia, Chile, Japan, Spain, Mexico, &c.; exported to France, Italy, Holland, Germany, &c.
- Copper manufactures**, imported from France, Germany, United States, &c.; exported to India, Egypt, Turkey, Australia, &c.
- Copper ore**, imported from Chile, Venezuela, Australia, Peru, Cape Colony, Spain, France, Transvaal, Norway, &c.; *regulus and precipitate* from Cape Colony, Mexico, Spain, Peru, Canada, Australia, &c.
- Copyhold**, the tenure of land according to custom of a manor and originally at the will of a lord.
- Copyright**, the sole right to produce or reproduce an original literary, dramatic, musical, or artistic work, or any substantial part of it in any material form, or the right to perform a work or deliver a lecture in public.
- Coras**, the Deferred Divided Ordinary Stock of the Caledonian Railway.
- Cordage**, imported from Belgium, Germany, Holland, Italy, Austria, France, United States, &c.; exported to Germany, Argentina, Brazil, Chile, Egypt, &c.
- Cordials**. See *Liquors*.
- Cork**, the bark of the cork oak; imported in manufactured form from Portugal, Spain, France, Germany, &c.; in unmanufactured form from Spain, Portugal, France, Russia, &c.
- Corn**, the name of the chief cereal in any country, e.g. wheat in England, oats in Scotland, maize in the United States.
- Corner**, a dealing on the market so as to secure a monopoly.
- Coroner**, an official appointed to hold inquests in cases of unexplained death, and also on treasure-trove, and in the City of London on fires.
- Corporation**, a body of associated persons, viewed as one person in law.
- Corrigenda** (*L.*, to be corrected), a list of corrections, too late to be made in the text, often inserted in a book.
- Cosaques**, crackers such as are used at Christmas parties; imported to some extent.
- Cost, Insurance, and Freight**, usually contracted to *c.i.f.*, the price of goods after insurance and freight charges have been added to the cost price.
- Cost accounts**, accounts showing the cost of producing articles; serving as a basis for estimates, &c.
- Cost Book System**, a system of partnership under which some mining companies in Devon and Cornwall carry on their operations.
- Cost marks**, methods of marking the price of goods that can be understood by those concerned but not by outsiders.
- Costs**, legal charges and fees, particularly in litigation.
- Cotton**, imported in raw form from United States, Egypt, India, Brazil, Peru, British East Africa, China, West Indies, British West Africa, &c.
- Cotton gloves**, imported from Germany, United States, Belgium, &c.; small export.
- Cotton hosiery**, imported from Germany, United States, Switzerland, &c.; exported to British possessions, &c.
- Cotton lace** and manufactures thereof, imported from Germany, France, Belgium, &c.; exported to United States, Germany, France, Canada, Australia, &c.
- Cotton piece goods**, imported in *dyed* form from Germany, Belgium, Holland, France, Switzerland, United States, Italy, India, Austria, &c.; in *printed* form from Germany, France, Holland, Switzerland, Belgium, &c.; in *bleached white* form from Germany, Switzerland, United States, France, Holland, Belgium, &c.; in *unbleached grey* form from Belgium, United States, &c.; exported in *unbleached grey* form to India, China, Turkey, Switzerland, Egypt, Japan, Germany, Holland, Straits Settlements, Hong Kong, &c.; in *bleached white* form to India, China, Turkey, Egypt, Morocco, Java, Australia, Argentina, Brazil, West Africa, Canada, &c.; in *printed* form to India, Turkey, Java, Egypt, Australia, Argentina, Brazil, Canada, &c.; in *dyed* form to India, China, Turkey, Brazil, Argentina, Australia, Java, United States, Venezuela, &c.
- Cotton ribbons**, imported from Germany, Belgium, &c.; small export.

- Cotton seed**, imported for oil and cake manufacture from Egypt, India, Brazil, &c.
- Cotton-seed cake**, prepared by expressing the oil from the seeds of cotton; a valuable fertilizer and feeding-stuff for stock; imported from United States, Egypt, Germany, Mexico, Peru, Brazil, &c.; exported to France, Denmark, &c.
- Cotton-seed oil**, extensively used in soap-making, candle-making, and many other industries; imported *unrefined* from United States, China, &c.; *refined* from United States, China, Holland, France, &c.; exported refined to Holland, Belgium, Germany, &c.
- Cotton thread**, exported to Russia, Brazil, India, Mexico, Australia, Germany, Austria, &c.
- Cotton trimmings**, imported from Germany, Belgium, France, &c.; small export.
- Cotton waste**, imported from United States, Germany, Belgium, France, Holland, India, &c.; exported to Germany, United States, France, Belgium, Australia, Argentina, &c.
- Cotton yarn**, imported in *grey* form from Belgium, Germany, India, France, &c.; in *bleached and dyed* form from Germany, Belgium, Holland, France, &c.; exported in *grey* form to Germany, Holland, India, Rumania, Switzerland, United States, Austria, France, Belgium, Russia, Bulgaria, &c.; in *bleached and dyed* form to India, Turkey, Bulgaria, Egypt, &c.
- Coulisse** (*Fr.*), an international market in the Paris bourse used by the *coulissiers*, distinct from the *parquet*, the enclosure in the centre of the bourse where the *agents de change*, the official members, carry on business.
- Council drafts**, bills drawn by the British on the Indian Government according to cabled instructions, and negotiated through the Bank of England with banks and merchants wishing to remit to India.
- Counterclaim**, a cross claim set up by the defendant against the plaintiff in an action.
- Countermand**, usually referring to an order to a banker by a customer not to pay a cheque drawn by him.
- Counterpart**, a duplicate or copy of an original document signed by a grantor.
- Countervailing duty**, a duty or surtax imposed on imported goods to balance the inland excise duty.
- Counting-house**, the department or office in a business where the books of account, &c., are kept.
- County Borough**, in England and Wales, a borough whose administration is entirely separated from that of the county.
- County Council**, the local government authority having jurisdiction over an administrative county.
- Coupon** (*Fr.*, coupon; *G.*, Coupon; *Sp.*, cupón; *It.*, coupon), the small voucher for dividend or interest printed and attached in series to certain foreign bonds and shares issued to bearer, the coupons being detached and presented for payment as they become due.
- Course of Exchange**, the rates of exchange current in a particular place for remittances to foreign centres.
- Court** (*Fr.*, cour, tribunal; *G.*, Gericht; *Sp.*, tribunal; *It.*, tribunale), a tribunal with civil or criminal jurisdiction.
- Court of Session**, in Scotland, the principal court of justice.
- Cover**, cash or other security deposited under a **cover note** with a stockbroker as a guarantee against possible losses through speculation on behalf of the customer.
- Cowry**, **Cowrie**, a small shell used as a kind of currency in India and other countries.
- Cows**, imported from the United States, Canada, and the Channel Islands; exported to United States, Canada, Cape Colony, Argentina, &c.
- Cr.**, credit, creditor.
- Craneage**, the liberty to use a crane at a certain place for unloading vessels; the amount paid for such use.
- Cream**, imported from France, Holland, Norway, &c.
- Cream of tartar**, bitartrate of potash, occurring as the deposit argol in wine vats and casks; used in baking powders, in medicine, in dyeing, as the source of tartaric acid, &c.; imported mostly from France and Germany.
- Credit** (*Fr.*, crédit; *G.*, Kredit; *Sp.*, crédito; *It.*, credito), the allowance of a period for payment, based on confidence in a debtor, or such as opposed to cash payment; the amount allowed by a bank to a customer by way of loan or overdraft; in *accounting*, one side of an account, denoted by **Cr.**, the other being the debit. An account is credited with outgoing sums, or an undertaking credited with sums received on its behalf.
- Crédit** (*Fr.*), a loan bank; *crédit foncier*, such a bank advancing on lands; *crédit industriel*, such a bank advancing on industrial undertakings; *crédit mobilier*, a society for the promotion of public works, industry, and banking generally.
- Credit, Letter of**, a letter by a person or firm to another person, or firm, or banker requesting that payments be made to a third party.
- Credit bank**, a bank for advancing small sums to farmers for the purposes of their business; based upon co-operative principles.
- Credit note**, a document received by a firm when goods are returned by it, or when some allowance is made in respect of them, giving particulars of the goods or the allowance; the reverse of an invoice.
- Credit sales**, sales made on credit, as distinct from *cash sales*.
- Creditor**, a person to whom money is due from another.
- Creosote**, a powerful antiseptic and preservative of timber, prepared from coal tar, wood tar, &c.; exported to the United States, France, Spain, &c.
- Crone**, in India, a hundred lacs, that is, ten millions; generally used for a crore of rupees, equal to £66,666, 13s. 4d.
- Crossed cheque**, a cheque with two parallel lines drawn across its face indicating that it will only be paid through a bank. The crossing is *general* if the words "& Co." appear between the lines, with or without the words "not negotiable"; it is *special* if the name of a bank is given. In the latter case payment can only be made through the named bank.
- Crucibles** of plumbago, exported to France, Russia, Sweden, Italy, Belgium, &c.

Cum (*L.*), with, often used in certain commercial phrases.
Cum dividend, or **cum div.**, denotes that the dividend due goes along with stock or shares transferred.

Cum drawing, denotes that bonds are sold along with any benefits that may accrue at a prospective drawing.

Cum new, in connection with the sale of stock or shares, denotes the right to claim allotment of new stock or shares issued in connection with the transferred holding.

Cum testamento annexo (*L.*), with the will annexed.

Cumulative, an additional as distinct from an alternative benefit or dividend or charge; particularly applied to legacies to show that they are to be taken in addition to one another and not in substitution, and to shares with a preference dividend to indicate that a deficiency in one year may be made up out of the profits in succeeding years.

Curios, imported from Japan, China, France, India, Germany, &c.

Currants, a name used both for certain fruits (red, black, and white) of the gooseberry cultivated in Britain and for a kind of dried grape almost wholly produced in Greece. Currants of the former kind are imported from France, Holland, Belgium, Germany, &c.

Currency, the period during which a coin or security is legally valid. It also signifies a bill is maturing for payment, the coinage of a country, and also bank notes, cheques, &c.

Currency bonds, bonds of American railroads and some foreign governments which are payable in the existing currency of the State where they are issued.

Current account, a customer's running account with a banker, which is drawn upon by cheque.

Curt., current, used to denote the current month; also called *int.*

Custom and usage, rules of long-established mercantile use which have obtained the force of law, absolutely in certain trades, and by proof in particular instances in other trades; on the Stock Exchange, Lloyd's, &c., the well recognized practice obtaining on these markets.

Custom House, a place for collection of import and export duties at a port.

Customer, one who deals with a particular shop or trader, especially one who has a current account with a bank.

Customs (*Fr.*, douane; *G.*, Zoll; *Sp.*, aduana; *It.*, dogana), the duties on imported goods collected at the port of entry.

Customs debenture, a customs certificate that certain imported goods have been shipped for export and are therefore entitled to drawback.

Customs declaration, a declaration of the nature and value of goods sent by parcel post to British colonies and foreign countries.

Customs entry, an importer's list for the Customs giving particulars of goods to be landed.

Cutch, or **black catechu**, an extract obtained from certain Malayan species of *Acacia*; used in dyeing and tanning; imported from India, Borneo, Straits Settlements, &c.

Cutlery, imported from Germany, United States, Belgium, &c.; exported to Australia, Canada, United States, Brazil, South Africa, New Zealand, &c.

Cutting, applied to a price which is quoted so low as to

cut in under rival traders and is unremunerative on the particular transaction.

Cwt., hundredweight.

Cy près (as nearly as possible), a doctrine under which if a donor's express charitable intention cannot be carried out, the Court will make an order so that the intention shall be carried out as nearly as possible.

Cyanide of potassium, the potassium salt of prussic acid, used in gold-extraction, photography, &c.; very poisonous; exported to Australia, Mexico, Transvaal, &c.

Cycles, imported to a small extent from France, Germany, Belgium, Holland, United States, &c.; cycle parts chiefly from Germany, Switzerland, Belgium, United States, motor cycles chiefly from Belgium, United States, and Germany; parts of motor cycles chiefly from Germany and Belgium; cycles exported to various British possessions, Japan, Holland, France, Russia, Argentina, Italy, &c.; cycle parts to Japan, Holland, Italy, Australia, Denmark, Belgium, New Zealand, &c.; motor cycles to New Zealand, Australia, South Africa, &c.

D

D B, Day Book.

D C, District of Columbia, in the United States.

D D., demand draft.

d. d., days after date.

D/R., deposit receipt.

d/s, days after sight.

D W.C., dead weight capacity.

Damages (*Fr.*, dommage; *G.*, Schadenersatz; *Sp.*, daño; *It.*, danno), compensation for an injury or wrongful act claimed or awarded in an action; called *liquidated*, if the amount is settled beforehand by the parties; and *nominal*, *substantial*, or *vindictive*, according to the nature of the claim or amount of the award.

Dandy note, the document filled in by the exporter of goods and issued by the Customs authorities when delivery from a bonded warehouse is required. A "pricking note" is often attached which authorizes shipment of the goods.

Dangers of the sea, excepted risks in a contract of affreightment.

Dari, same as *durra* (q.v.).

Dates, imported from Asiatic Turkey, France, Persia, India, Egypt, Gibraltar, &c.

Day (*Fr.*, jour; *G.*, Tag; *Sp.*, dia; *It.*, giorno), 24 hours, or a working day of so many hours, express or implied; a day appointed for a particular purpose, as *Settling Day* on the Stock Exchange.

Day Book, in bookkeeping, the book in which the daily transactions are entered, or more properly the book in which all credit sales are entered in order of date and time.

Day-to-day loans, loans of money made by bankers to brokers and others that may be called in at any time.

Day-to-day option, on the Stock Exchange, an option given one day for a reply by a certain time the following day.

Days of grace, certain days allowed by law or custom as an indulgence; as the three days which the law allows for payment after the nominal due date of a bill of exchange which is not payable on demand or at sight. If the last day of grace falls on Sunday, Christmas Day, Good Friday, or a day of public fast or thanksgiving, the bill is payable on the preceding business day. When the last day of grace is a bank holiday (other than Christmas Day or Good Friday), or when the last day of grace is a Sunday and the second day of grace is a bank holiday, the bill is payable on the succeeding business day.

Dbk., drawback.

De bene esse (*L.*), to take provisionally and out of due course a thing as done, subject to after correction.

De die in diem (*L.*), from day to day.

De facto (*L.*), as a matter of fact; in fact.

De jure (*L.*), by right of law.

De novo (*L.*), anew; from the beginning.

Dead account, in banking, an account no longer operated on, or the account of a deceased customer. in loose-leaf ledger work, an account in which no business has been done for a considerable time, and which is therefore transferred to a dead ledger.

Dead freight, compensation paid by a charterer of a ship for breach of contract to load a full cargo.

Dead letter, a letter that cannot be delivered; returned to the sender if possible.

Dead reckoning, estimate of the position of a ship at sea by direction and distance sailed, instead of by astronomical observation.

Dead rent, rent reserved in a mining lease, payable whether the mine is worked or not, generally coupled with a royalty according to the amount of mineral won.

Dead weight, the carrying capacity of a vessel; cargo paying freight in weight irrespective of measurement.

Dead's part (*Sc.*), the portion of a man's personal estate which he is free to dispose of by his will.

Dealer, a general term applied to one who deals in any article; on the Stock Exchange, one who makes a market as buyer or seller of securities at his own risk, a jobber.

Dear money, money for which a high rate of interest is charged.

Death duties, taxes payable out of the estate, or on succession to the estate, of a deceased person, including the estate, settlement, legacy and succession duties.

Debenture (*Fr.*, obligation; *G.*, Obligation; *Sp.*, obligacion; *It.*, obbligazione), a term usually applied to the instrument under which a company or other body borrows money for a fixed or uncertain time, and charges its assets with the repayment of the principal and payment of interest.

Debenture bonds, the documents of title to a debenture issued in certain fixed amounts, which when not registered is transferable from hand to hand, a fixed rate of interest being payable by coupons, or if registered, by warrant.

Debenture stock, unlike bonds, transferable in any amount or in certain fixed multiples.

Debit (*Dr.*) (*Fr.*, débit; *G.*, Soll, Debet; *Sp.*, debito;

It., debito), one of the two sides of an account, opposed to *credit* (*Cr.*). A person is debited with what he receives, and an undertaking is debited with outlays on its behalf.

Debit note, a note sent to a person intimating that a certain sum is due from him, for an allowance on goods or otherwise.

Debt (*Fr.*, dette; *G.*, Schuld; *Sp.*, deuda; *It.*, debito), an amount due; a certain sum in money agreed or implied to be paid; *judgment debt*, one which has been sued upon and awarded by a Court; *national*, the public debt of the nation, funded or unfunded; *local*, applied to the debts contracted by local government authorities.

Debtor, one who owes money to another.

Decimal or metric system, a system of coinage, weights, and measures in which the various standards are tenths and multiples of ten. The units of length, area, volume, capacity, and weight are the metre, are, stère, litre, and gram respectively.

Deck cargo, cargo carried on the deck of a vessel, a mode of carriage which is prohibited except under special conditions.

Declaration, a ministerial or judicial assertion of some right, statutory, or *affirmation*, the declaration taken before a justice of the peace, a public, or other official appointed to administer oaths in the manner stipulated by the Statutory Declarations Act, 1835.

Declaration (of London, Paris, &c.), the name given to an international convention to which various Powers accede.

Declaration of war, the formal act by which war was at one time declared; a declaration is not now regarded as essential.

Declarator (*Sc.*), an action to ascertain and secure judicial declaration of some right.

Decree (decreet arbitral, Sc.), an order or judgment of a Court or arbitrator. A decree of a Court may be *absolute* or *nisi*, i.e. subject to subsequent confirmation.

Deed (*Fr.*, acte; *G.*, Urkunde; *Sp.*, acta; *It.*, atto), a written instrument, sealed and delivered and usually signed by the parties, necessary for the transfer of property in land and some other classes of property.

Deed of arrangement, a deed executed by a debtor for the transfer of his property to a trustee for the benefit of his creditors.

Deed of assignment, a deed under which an insolvent person hands over his property for the benefit of his creditors.

Deed of gift, the instrument by which property is conveyed from one person to another which is not passed by delivery of possession.

Deed poll, a deed made by a single person, as, for instance, where a person declares a change of name.

Defamation, a term denoting *libel* (q.v.) and *slander* (q.v.).

Default summons, a summons in the County Court claiming a debt or liquidated amount.

Defaulter, on the Stock Exchange, a member who fails to keep his engagements.

Defeasance, a condition upon the fulfilment of which contract is rendered void; also a document containing such a condition.

- **Defence**, the answer to a charge or claim; the pleading of a defendant in answer to a statement of claim.
- Defendant** (*Sc.*), defender; the party sued in an action.
- Deferred annuity**, an annuity which becomes payable after the lapse of a certain number of years.
- Deferred shares or stock**, shares or stock on which dividend or interest is paid only after it has been paid on other (preferred) shares or stock.
- Deficiency account**, an account explaining losses of a bankrupt or insolvent.
- Deficiency bill**, a bill granted by the Government to the Bank of England to make up a deficiency shown on the payment of dividends on Government stocks.
- Deficit**, the amount by which the assets or income fall short of the liabilities or expenditure of an individual or company.
- Defunct company**, a company which comes to an end otherwise than by winding-up, under the provisions of Section 242 of the Companies (Consolidation) Act.
- Del.**, Delaware.
- Del credere agent**, an agent who for an extra commission guarantees the carrying out of the contract by the buyer.
- Delegation**, in agency the employment by an agent of a sub-agent; ~~a common term applied to a letter of credit designed to pass from hand to hand.~~
- Delivery**, a formal handing over of a chattel or instrument of title, which generally effects the transfer of ownership; essential to the completion of a deed.
- Delivery book**, a carrier's book containing particulars of goods sent out for delivery, with a space for the signatures of receivers.
- Delivery order**, an authority signed by the owner of goods to the person who has their custody, to deliver them to the person named on his order.
- Demand**, the formal request for payment of an account or bill of exchange, or for delivery of goods or chattels, in economics, the desire to possess some particular commodity on the part of those who are able to purchase it at a particular price.
- Demand draft**, a bill of exchange payable at sight.
- Demise**, transfer of property, especially on lease.
- Demonetize**, to withdraw from use as money, or to make no longer full legal tender without limit.
- Demurrage**, agreed damages payable by a charterer for delaying a ship beyond the stipulated time in loading and, generally, unloading; also used in connection with the detention of railway wagons and trucks.
- Denizen**, an alien who has been made a British subject by letters patent.
- Department**, applied to a Government office, also to the several sides of a business, and the divisions of a store or shop.
- Departmental accounts**, accounts arranged to show the various departments of a business as though they were separate concerns; of great value in certain classes of businesses.
- Departmental store**, a retail store which is divided into a number of departments according to the class of goods sold in each.
- Deponent**, a person who testifies on oath.
- Deposit**, money or documents of title lodged as security, or on account of a larger payment; money at a bank at interest.
- Deposit receipt**, a banker's acknowledgment that money has been deposited with him at interest. Money so deposited can, in England, be withdrawn only upon a certain agreed term of notice, but in Scotland it is payable on demand.
- Depot**, a place where goods are stored.
- Depreciation** (*Fr.* *dépréciation*; *G.*, *Entwertung*, *Sp.* *depreciación*; *It.* *deprezzamento*): in *accountancy*, the reduction made in the books in the value of plant, machinery, stock, &c.; in *the monetary standard*, a lowering of the value of money in relation to goods; in *trade*, "a diminution and in some cases an absence of profit, with a corresponding diminution of employment to the labouring classes". Depreciation may affect all classes or be confined to certain trades.
- Derelict**, abandoned, especially a ship or part of a ship or cargo abandoned in the open sea.
- Design**, a novel and original, not necessarily useful, representation which can be registered under the Patents and Designs Act.
- Despatch note**, a formal advice to the consignee that goods have been despatched by a certain route. the note sent with dutiable goods by the Customs.
- Detinue**, action for the recovery of goods wrongfully detained or their value.
- Deviation**, a departure from the agreed voyage.
- Devise** the gift of land or other real property by will.
- Dextrine**, or *British gum*, prepared from starch, and used in calico-printing, stamp-making, &c.: imported from Germany, Holland, &c.
- Dft.**, draft.
- Dhol**, the pigeon pea, a kind of pulse grown in India: seeds imported from India.
- Dies non** (*L.*), a Sunday or Christmas day or other day on which legal business is not transacted; a day which does not count.
- Differences**, the payments made by or to speculators in respect of Stock Exchange dealings when no stocks or shares are delivered. A contract to pay difference in price only is illegal.
- Dilapidation**, damage to property during occupation by tenant.
- Diligence**, ordinary dispatch and care in an undertaking. (*Sc.*) Care; procedure of a Court compelling the production of evidence, attachment of persons or property so as to enforce satisfaction.
- Dime**, a silver coin of the United States, equal to one-tenth of a dollar or ten cents; legal tender up to ten dollars. It is worth about 5d.
- Diminishing returns**, an economic law which states that after a certain point increased stimulus or effort produces a less than proportionate increased return.
- Dinar**, a Servian money of account, equal to one franc, represented by a silver coin.
- Director**, the chief of a department or office, especially one of the managing board of a company.
- Disbursements**, the amount paid by an agent on the principal's business, particularly by a shipmaster.

- Discharge**, of an obligation, a release from its binding effect, e.g. a bill of exchange by payment; of a bankrupt, a release from the disqualifications of bankruptcy; of a ship, the delivery of cargo at the destination.
- Disclaimer**, the formal renunciation of a right or duty.
- Discount** (*Fr.*, escompte; *G.*, Diskonto; *Sp.*, descuento; *It.*, sconto), an abatement of or deduction from an amount due; a rebate on a bill of exchange for cash before maturity; when applied to shares or stock, indicates a market price lower than the issue or paid-up price. A *trade discount* is a percentage allowance, often large, on the list price of goods irrespective of time of payment; a *cash discount* is a percentage allowance, usually small, in consideration of payment of an account within a certain time.
- Discounting a bill**, obtaining money for a bill of exchange which is not yet due for payment. The person who buys the bill does not give full face value for it, but a lower price determined by the time it has still to run, the Bank rate, and the standing of the parties to the bill.
- Discovery**, the proceeding in an action by which before trial one party can compel the other on oath to disclose material documents.
- Discount**, discount.
- Dishonour**, repudiation of acceptance or payment of a bill of exchange.
- Dispatch**, customary or required promptitude.
- Dispatch money**, money earned by the charterer by saving the time of a ship in loading or unloading—the converse of *Demurrage*.
- Disposition** (*Sc.*), the conveyance of a right to property, either heritable or moveable.
- Dissection**, an analysis of accounts so as to bring out various aspects or departments of a business.
- Dissolution**, determination of a partnership, or winding up of a company.
- Distrain or Distress**, a summary remedy of a landlord for recovery of rent.
- Distribution**, the division of the personal estate of an intestate or of the assets of an estate.
- District Council**, the local government authority for an urban or rural district.
- Districts**, the Ordinary Stock of the Metropolitan District Railway.
- Ditto** (*do.*), the same.
- Div.**, dividend.
- Dividend** (*Fr.*, dividende; *G.*, Dividende; *Sp.*, dividendo; *It.*, dividendo), a payment on account of a debt or profit; a disbursement by a liquidator or trustee to creditors; a periodical division and allocation of profits of a company to its shareholders; *interim dividend*, one paid prior to and on account of an annual dividend.
- Dividend Account**, in a limited company—an account relating to dividends payable to shareholders.
- Dividend and transfer days**, the various days on which at the Bank of England dividends are paid and transfers effected in certain stocks.
- Dividend Book**, a book kept by limited companies relating to dividends payable to shareholders.
- Dividend warrant**, the document of title to a dividend, consisting of an order by a company on its bankers instructing payment of interest on dividend.
- Do.**, ditto, the same.
- Dock** (*Fr.*, dock; *G.*, Dock; *Sp.*, dique; *It.*, bacino), a basin formed for receiving ships at a port. A *dry dock* or *graving dock* is one from which the water can be withdrawn, and is necessary for repair work on a ship's hull. *Wet docks* are for berthing, loading, and unloading purposes.
- Dock and town dues**, dues charged at Liverpool upon goods entering or leaving the city by ship.
- Dock dues**, payments made by shipowners for the use of docks; usually charged according to tonnage.
- Dock warrant**, a document of title to goods in the docks issued by the dock owner under which goods are deliverable to the person named or his endorsee.
- Docket**, a summary or label fixed to anything; writing on the back of a document summarizing its contents.
- Document credit**, credit with collateral security.
- Document of title**, a written instrument conferring a right of ownership to goods.
- Documentary bill**, a bill of exchange accompanied by documents of title, such as a bill of lading or dock warrant, policy of insurance, &c., the bill of exchange to be accepted as a condition of retaining the documents of title.
- Doit**, a small Dutch copper coin worth about half a farthing.
- Dollar**, the standard money of account in the United States, Canada, China, Straits Settlements, &c. The dollar of the United States and Canada is of the par value of 4s. 1'32d., representing 4'8665 dollars to the pound sterling; it is represented in the United States by a silver coin. The dollar of the Straits Settlements is valued at about 2s. 4d. The peso of Mexico is also called the Mexican dollar; it is valued at about 2s.
- Domicile**, the place where a person resides with the intention of remaining.
- Domiciled bill**, a bill drawn payable, not at the address of the drawer, but at a bank or elsewhere.
- Dominions**, specially applied to the British self-governing Colonies: Canada, Newfoundland, Australia, New Zealand, and South Africa.
- Donatio inter vivos** (*L.*), a gift from one living person to another, as distinct from a legacy.
- Donatio mortis causa** (*L.*), a gift by actual delivery of personal property in anticipation of death, which can be recalled at any time before death by the donor.
- Doras**, the Deferred Ordinary Stock of the South-Eastern Railway; also called *Dover A*.
- Double account system**, a system of accounts required for certain types of commercial undertakings, for which see Part VII, Chapter 7.
- Double entry**, in bookkeeping, a system in which each item is entered twice, as a debit and a credit.
- Douceur**, a small gift, often in the nature of a bribe.
- Dover A**, also called *Doras*, the Deferred Ordinary Stock of the South-Eastern Railway.

E

Dovers, the Ordinary Stock of the South-Eastern Railway.

Dower, the right of a widow to a life interest in a third part of the rents and profits of lands of which her intestate husband died possessed, when dower has not been barred nor jointure given.

Dozen, twelve; but a dozen of thirteen is customary with newsagents, publishers, bakers, &c.

Dr., debtor or debit.

Drachma, the chief money of account of Greece, equal to one franc; divided into 100 lepta.

Draft, an order for the payment of money drawn by one person (the drawer) on another (the drawee), applied especially to drafts by bankers upon one another, or upon their London agents, &c.; a preliminary copy of a legal document.

Drawback, an allowance made by the Customs on re-exportation of goods which have paid duty.

Drawee, a person upon whom a bill of exchange is drawn, called the acceptor after he has formally accepted the bill.

Drawer, one who gives or draws a bill of exchange upon another.

Drawing, the practice by which bonds are periodically drawn by lot for redemption: a custom with an element of hazard that obtains only in respect to certain foreign securities.

Drawing account, an account with a banker that can be drawn upon by cheque, a current account.

Drug in the market, a commodity so abundant that it cannot be sold.

Dry dock, a dock from which water can be drawn off so as to get at a ship for repairs.

Dry goods, a term applied to drapery and similar goods.

Due date, the date on which a bill of exchange must be met. If it is not payable on demand or at sight, three days of grace must be allowed for.

Dues, tolls; payment for certain services, such as the use of a harbour by a ship.

Dull, in the market reports, denotes inactivity.

Dunnage, something provided to protect the cargo from contact with the bottom or sides of the ship.

Duodecimal system, the method of computation by twelfths, used extensively in the building trade.

Duplicate, an exact copy of any document or writing.

Duress, a threat of bodily violence or injury to a person or his goods which would justify a contract so induced being set aside.

Durra, or **dari**, a genus of grasses including Indian millet and Kaffir corn; seeds imported from Asiatic Turkey, India, Egypt, Persia, South Africa, &c.

Dutch auction, a form of auction in which an unduly high price is first called by the seller, and then reduced step by step until a purchaser is obtained.

Duty, an obligation imposed upon a person; a tax imposed upon an article by way of excise or customs, or on a person for a licence.

Dwt., pennyweight.

Dyewoods, other than logwood (q.v.), imported mostly from Nicaragua, India, Mexico, West Indies, &c.

E.C., East Central, a postal district of London.

E.E., errors excepted; **E. and O.E.**, errors and omissions excepted: expressions used on an account or document to intimate that it may not be an absolutely final statement or accurate copy.

e.g., *exempli gratia* (L.), for example.

Eagle, a gold coin of the United States, valued at 10 dollars, about £2, 1s. 1-2d.

Earmarked, applied to a sum expressly reserved for a particular purpose.

Earnest, a sum paid on a bargain as security for its completion, and usually otherwise forfeited; sufficient to support an oral contract for the sale of goods over £10.

Earthenware, imported from France, Germany, Belgium, Japan, China, &c.; exported to United States, Canada, Australia, New Zealand, South America, &c.

Easement, a right enjoyed by one landowner over the adjoining land of another.

Easterns, the Ordinary Stock of the Great Eastern Railway.

Easy, applied to the state of a market, showing no eager demand, with little firmness in prices.

Effects not cleared, a phrase written by bankers on cheques which cannot be honoured until cheques paid in to the customer's account have been cleared.

Eggs, imported from Russia, Denmark, Austria-Hungary, Italy, Egypt, France, Holland, Germany, Sweden, Morocco, &c.

Ejectment, proceedings to recover possession of land, or to remove a tenant.

Election, (1) applied to the appointment to a public office, or to a public body, or to Parliament by means of voting; (2) the legal doctrine by which a person must make choice between two benefits when it is not intended that both shall be enjoyed together.

Electrical apparatus, imported from Germany, Belgium, France, Italy, United States, Sweden, &c.; largely exported to British colonies and numerous foreign countries.

Electrical machinery, imported from Germany, United States, Sweden, Switzerland, Belgium, France, &c.; exported to Japan, Australia, India, South Africa, Argentina, Brazil, &c.

Elegit, the writ of execution against lands.

Embargo (*Fr.*, embargo. *It.*, Embargo; *Sp.*, embargo; *It.*, embargo), a prohibition on commerce; in International Law, a temporary detention by a State of ships within its ports.

Embezzlement, fraudulent appropriation by a clerk or servant of money or goods received for his employer.

Emblements, growing crops which have been sown or planted.

Embroidery and needlework, imported chiefly from Switzerland, Germany, France, Belgium, and Japan.

Employers' liability, the liability of employers to compensate workmen for injury sustained through accident arising out of and in the course of their employment.

Emporium, a large storage for goods, or a centre of trade in a given article.

Encl., enclosure.

Endorsement (*Fr.*, endossement; *G.*, Indossament; *Sp.*, endorse; *It.*, girata) or *indorsement*, the writing of a signature on the back of a document, especially of a bill of exchange or a cheque.

Endowment, a fund raised so that the interest may be used for a certain purpose; a system of life assurance by which a fixed sum is assured at a given time by the payment of premiums in advance.

Enfaced paper or **rupee paper**, India rupee paper enfaced, *i.e.* the converse to endorsed, for payment of interest.

Enfranchisement, the act of freeing from an encumbrance, especially conversion of copyhold lands into freehold by agreement or under the Copyhold Acts.

Engine and boiler packing, exported to many foreign countries and British possessions.

Engross, to copy the rough draft of a document in a large fair hand.

Enquiry, public, an enquiry held by an official of a Government department, as one on the application of a local authority when sanction is required to contract a loan, &c.

Enrolment, registration on the rolls of court by an official registrar of a document or act.

Entail, an estate settled in a certain line of descent, generally to the heirs male.

Entirety, part ownership in the whole, as distinct from a right to separate shares.

Entrepôt, a commercial centre through which trade passes, (*Fr.*) a bonded warehouse.

Entry, the record of a business transaction in the books of the business. The first record of any transaction is an *original entry*, and the books containing these first entries are called *books of original entry*. Ledger entries are posted from other books.

Entry, right of, the landlord's right to enter and view the state of premises let.

Entry for warehousing, a form filled up by an importer of dutiable goods when they are to be stored for a time in a bonded warehouse.

Envelopes, exported to British possessions, &c.

Equation of payments, a system by which payments due at different times are "equated" and the date found by average for the payment of the amount in one sum.

Equity, the system which in its origin relieved from the strict rule of law, and recognized the right of someone not the legal owner in or to property vested in another, for example, the right of a beneficiary under a trust, or a mortgagor with an *equity of redemption*. There never was any separation of common law and equity in Scotland.

Equity of redemption, the right of a mortgagor to redeem his property on paying the amount due, although the legal estate has passed from him.

Eries, the Common Stock of the Erie Railroad Company.

Errata (*L.*), a list of errors, which require correction.

Escompte (*Fr.*), discount; a custom of the Paris Bourse by which a party who has sold for future delivery may be required to deliver securities, *à l'escompte*, at an earlier date, on the buyer's demand.

Escrow, a deed undelivered or conditionally delivered.

Esparto, a grass cultivated in Spain and North Africa, important as a papermaking material; imported from Algeria, Tunis, Spain, and Tripoli.

Essential oils, imported from Ceylon, Italy, France, Germany, United States, India, Spain, West Indies, Japan, &c.

Establishment expenses, expenses added to the prime cost of an article or service to cover the costs of the office.

Estate, the degree of interest which a person holds in real property; more widely, the whole of a person's possessions.

Estate agent, one who acts as an agent for buying, selling, and letting land, houses, &c.; a person who manages the estate of a landed proprietor.

Estate duty, a duty payable under the Finance Act of 1894 on all estates passing at death; imposed in substitution for certain formerly existing duties.

Estimate, a schedule of work and its cost prepared before a contract is made with a builder or other undertaker.

Estoppel, the rule of law by which where a person who has by his acts or statements induced a certain belief in another as to facts upon which he desires the other to act cannot afterwards, in any dispute arising out of such question, assert facts to the contrary.

Estovers, the wood which a tenant or commoner may take on the estate or common for repairs and house purposes.

Ether, acetic, or *ethyl acetate*, a sweet-smelling liquid prepared from absolute alcohol and sodium acetate by means of sulphuric acid; used in vinegar, wines, &c.; imported to some extent from Germany.

Ether, butyric, or *ethyl butyrate*, a sweet-smelling liquid prepared from alcohol and butyric acid (found in butter and other animal substances) by means of sulphuric acid; used in perfumery and confectionery; imported to some extent from Germany.

Ether, sulphuric, or *ethyl ether*, a sweet-smelling liquid prepared from alcohol by the action of sulphuric acid; used as a solvent, an anæsthetic, &c.; imported to some extent from Germany.

Ethyl bromide, a sweet-tasting liquid prepared by the action of bromine on alcohol; an anæsthetic; imported to a small extent.

Ethyl chloride, a sweet-tasting liquid prepared from alcohol and employed for similar purposes to sulphuric ether; imported to some extent from France, &c.

Ethyl iodide, a sweet-smelling liquid prepared from alcohol and iodine; imported to a very small extent.

Even (Stock Exchange), when either bulls or bears are able to carry over without payment for the accommodation.

Ex (*L.*), without; also late, as in *ex-president*.

Ex all, signifying that on a sale of shares, all presently accruing rights are reserved to the seller.

Ex coupon, signifies the transference of bonds without the interest coupon.

Ex div., signifies that an accruing dividend is reserved at the transference of shares.

Ex drawing, signifies that bonds are sold without the benefit of a drawing about to take place.

Ex interest, or **ex. int.**, without interest.

Ex new, means that the seller reserves the right given to the holder of shares now sold to take up new shares.

Ex officio (*L.*), by virtue of his office; said of those who are members of committees, boards, &c., in virtue of certain official positions held by them.

Ex parte (*L.*), on one side only: applied to a statement or application made without the other side being heard.

Ex post facto (*L.*), made after the occurrence; retrospective.

Ex ship, denotes that goods are sold free out of the ship, the purchaser bearing all expenses after that.

Ex warehouse, denotes that the seller's liability in regard to goods sold ends when they are outside the warehouse doors.

Excambion (*Sc.*), a contract for the exchange of lands.

Exch., exchange.

Exchange, (1) (contracted 'change) (*Fr.*, bourse; *G.*, Borse; *Sp.*, bolsa; *It.*, borsa), the institution where merchants assemble for dealing in certain articles, as the Stock Exchange, Metal Exchange; (2) the giving of a consideration or services in return for others; (3) in *finance*, a system by which mercantile debts are satisfied without the transmission of actual money.

Exchequer, the national purse or revenue.

Exchequer bills, securities on which a Government raises temporary loans at a fixed rate of interest and for an uncertain date of repayment.

Exchequer bonds, Government security for loans repayable at par at a fixed time.

Excise, duties charged on commodities produced within the realm, as opposed to Customs duties, those levied at the ports on goods brought in; also certain licence duties.

Execution, the procedure by which judgment of a Court is enforced against the lands, goods, or person of the debtor.

Executive, the department of Government which puts laws into execution, as distinguished from the legislative which enacts them.

Executor, the legal representative of a deceased person appointed by his will.

Exequatur, the official recognition by the Government of a State of the appointment of a foreign consul.

Exhibit, the term applied to a document or other thing put in evidence in Court or referred to in an affidavit; an article exhibited for prize competition or display at a show.

Expectation of life, the period for which, according to insurance average tables, a given life may be expected to continue.

Expert, a somewhat vague term applied to those who have, or are presumed to have, special knowledge and experience in any department, and who give evidence as such, and not to the particular facts of a case: hence "expert evidence".

Exports, goods or products which are sent out of the country.

Express, stated or agreed and declared, as opposed to an implication; special, or extra fast, when applied to the

delivery of goods; in U.S.A. the transmission agencies for parcels and light luggage.

Extradition, the sending of a person accused of a crime, not political, back to a foreign jurisdiction for trial, in accordance with the Extradition Treaty in force.

Extraordinary meeting, a special general meeting of a company summoned to consider an extraordinary or special resolution of which full notice is given to all shareholders.

Extraordinary resolution, in the case of a company, one dealing with a matter outside the general business of the company. Such a resolution can be discussed only at an extraordinary meeting, and requires a three-fourths majority to carry it.

F

F., in temperatures, denotes the Fahrenheit scale.

f.a.a., free of all average.

F.A.I., Fellow of the Auctioneers' Institute.

f.a.s., free alongside ship.

F.C.A., Fellow of the Institute of Chartered Accountants.

F.C.G.I., Fellow of the City and Guilds of London Institute.

F.C.I.S., Fellow of the Chartered Institute of Secretaries.

F.C.S., free from capture and seizure, a common clause in marine insurance policies.

F.C.S., Fellow of the Chemical Society.

F.F.A., Fellow of the Faculty of Actuaries.

f.g.a., free of general average.

F.G.I., Fellow of the Institute of Certificated Grocers.

F.I.A., Fellow of the Institute of Actuaries.

F.I.C., Fellow of the Institute of Chemistry.

F.I.D., Fellow of the Institute of Directors.

F.J.I., Fellow of the Institute of Journalists.

F.M.S., Federated Malay States.

f.o.b., free on board.

f.o.r., free on rail.

F.O.W., first open water.

f.p.a., free of particular average.

F.R.I.B.A., Fellow of the Royal Institute of British Architects.

F.S.A.A., Fellow of the Society of Accountants and Auditors.

F.S.I., Fellow of the Surveyors' Institution.

F.S.S., Fellow of the Royal Statistical Society.

Face value, the nominal value of shares or other securities; the amount marked on the face of the document of title.

Factor, a mercantile agent within the meaning of the Factors Act; (*Sc.*) an agent entrusted with the possession and management of his employer's property and affairs in the place where he resides.

Factory, a place where workpeople are employed, and subject to the Factory and Workshop Acts.

Faculty, licence or authority; (*Sc.*) ability or power founded on the consent of a party.

Failure (*Fr.*, faillite; *G.*, Zahlungseinstellung; *Sp.*, quiebra; *It.*, fallimento), such embarrassment in business as to cause a stoppage; on the Stock Exchange, inability to comply with bargains.

- Fair**, a larger market held at less frequent intervals than an ordinary market, but usually for a longer continuous period, and in more miscellaneous goods.
- Fair rent**, in Ireland and Scotland, a rent determined by a Land Court after hearing parties and considering the interests of landlord and tenant and local circumstances.
- Fair Trade**, a term used by those opposed to Free Trade who advocate moderate tariffs or retaliatory duties; a familiar term in the 'eighties, but now replaced by *Tariff Reform*.
- Fallow land**, land ploughed but not sown, being left for a season uncultivated after a succession of crops.
- False imprisonment**, unjustifiable restraint on the liberty of a person, for which both civil and criminal remedies are available.
- False pretences**, the fraudulent obtaining of goods by methods not amounting to larceny.
- Falsification of accounts**, destruction, alteration, mutilation, or any other method of falsification of any book, paper, security, &c., of an employer by his clerk or servant, or by directors of a company; or making a false entry in any such book or account, or omitting material particulars with intent to defraud; a misdemeanour.
- Fancy goods**, or *Paris goods*, imported from Germany, France, Austria, Japan, &c.
- Farina**, a commercial term for potato starch; imported from Germany, Holland, Austria, &c., exported to some extent.
- Fathom**, a measure of length equal to 6 ft., employed in stating the depth of water and the length of cables.
- Favour**, a polite commercial term for a letter received, as in "your favour of the 4th inst."
- Feathers**, imported chiefly from Cape Colony, France, Germany, Venezuela, Dutch East Indies, and Egypt.
- Federation**, an association of traders or workmen; also a union of States who delegate certain powers to a joint authority.
- Fee**, a grant of land made on condition of performing certain feudal services; a charge made for professional services, or for a privilege or licence.
- Fee simple**, in English law, the most complete ownership of land possible: virtually, absolute ownership, although in legal theory all land is held from the Crown.
- Fee tail**, an estate granted to a person and the heirs of his body; an entailed estate.
- Felony**, an indictable offence more serious than a misdemeanour.
- Feme sole**, an old Norman-French legal phrase for an unmarried woman, whether spinster or widow.
- Ferromanganese**. See *Spiegeleisen*.
- Ferrosilicon**. See *Spiegeleisen*.
- Ferry**, the liberty or sole right to transport passengers and goods across a river; also the place where such liberty exists.
- Feu** (*Sc.*), land held under the Scottish feudal tenure, nominally copyhold but freehold in substance, although subject to a yearly rent known as a *feu duty*; a feu is created under a *feu charter* or a *feu contract* between the grantor or superior and the *feudr*.
- Fi. fa.** See *Fieri facias*.
- Fiars' prices** (*Sc.*), average prices for grain fixed each February by the sheriff, under which regulation payments in grain (e.g. clerical stipends) have their money equivalents.
- Flat**, a decree, an order or authority of a Court or official.
- Fidelity guarantee**, a guarantee given by a person or company to refund to an employer any loss due to an employee's misconduct; a recognized branch of insurance.
- Fides, Bona. Mala** (*L.*), good or bad faith.
- Fiduciary**, a trustee, or an act done in the capacity of a trustee.
- Fiduciary issue**, the Bank of England notes issued against Government debt and not against gold reserve.
- Fieri facias** (*fi. fa.*), a writ for enforcing judgment by a sheriff of a claim for money.
- Figs**, imported from Asiatic Turkey, Portugal, Spain, Greece, &c.
- File**, the official place where documents are filed or preserved; a contrivance for keeping papers or documents in a way handy for reference.
- Final sailing**, in a charter party the term used for the final departure of a ship from a named port with the intention of proceeding upon, and with everything complete for, the voyage.
- Finance**, the science and practice of dealing with money matters.
- Fir, hewn**, imported from Russia, Germany, United States, Norway, Sweden, Canada, &c.; **sawn**, imported from Russia, Sweden, Canada, United States, Norway, Germany, &c.
- Firkin**, an old measure of capacity, equal to one-quarter of a barrel. A firkin of beer is equal to 9 galls., and a firkin of butter contains 56 lb.
- Firm** (*Fr.*, maison de commerce, raison sociale; *It.*, Firma; *Sp.*, razón social, casa; *It.*, ditta, casa), the partners of a business collectively; in Scotland, a distinct legal person from the partners.
- Firm offer**, an out-and-out offer made by one party for acceptance by another.
- First-class paper**, bills, drafts, &c., accepted or endorsed by firms of the highest standing.
- First of exchange**, one of the three copies of a foreign bill. See *Foreign bill*.
- Fiscal**, pertaining to the public treasury.
- Fishing tackle**, exported to Canada, United States, West Africa, Germany, Holland, Norway, &c.
- Fixed capital**. See *Capital, Assets*.
- Fixtures**, personal chattels affixed to real estate during a tenancy, generally severable within a reasonable time by the party fixing them or his representatives.
- Fla.**, Florida.
- Flag**: *law of the ship's flag*, the law of the country to which the ship belongs. In a contract of affreightment there is a presumption that the law governs the contract.
- Flannels**, exported to various British possessions, Japan, United States, Argentina, &c.
- Flash point**, the temperature at which paraffin oil gives off an inflammable vapour.

- Flat rate**, a uniform rate over a series or area, as opposed to a varied or *ad valorem* one.
- Flax**, imported from Russia, Belgium, Holland, France, Germany, &c.; exported to United States, &c.
- Floater**, bearer securities of the highest class; e.g. Consols, approved debenture bonds.
- Floating capital**. See *Capital, Assets*.
- Floating charge**, a general charge on an undertaking not attached to any specific portion of the property.
- Floating debt**, unfunded debt.
- Floating policy**, a policy in general terms against which particular risks are to be afterwards declared.
- Floras**, the Preferred Ordinary Stock of the Caledonian Railway.
- Flotation**, a term applied to the successful promotion of an undertaking, and especially its launching as a public company.
- Flotsam**, goods floating in the sea which once formed part of a ship or cargo.
- Flowers**, **artificial**, imported from France, Germany, Austria-Hungary, Belgium, &c.; exported to British possessions; **fresh flowers** from Channel Islands, France, Holland, &c.
- Fluor spar**, a mineral consisting of calcium fluoride, found in various parts of England and also in other countries; used in metallurgy, vase making, for ornamental purposes, &c., exported to some extent.
- Folio**, a sheet containing 72 words in legal documents, 50 in Parliamentary, in printing, the number of any page; a sheet of paper folded in two leaves.
- Foolscap**, a sheet of paper of which the ordinary size is $16\frac{1}{2} \times 13\frac{1}{4}$ in.
- Foot pound**, the amount of work done in raising one pound one foot from the earth.
- For money**, on the Stock Exchange, a sale for prompt cash payment.
- For the account**, on the Stock Exchange, dealings for settlement at the next settlement day.
- Force majeure**, superior or insurmountable force which excuses the performance of an act.
- Forced currency**, inconvertible paper, paper which must be received as legal tender and need not be cashed on presentation.
- Foreclosure**, the act of a mortgagee to obtain possession of property, in default of payment of principal and interest, which deprives the mortgagor of his equity of redemption.
- Foreign bill**, a bill of exchange which is not an inland bill, the latter being one drawn and payable within the British Islands or drawn within the British Islands upon a person resident therein. A foreign bill is drawn in three identical forms, constituting a set, each being payable only if the other two are not paid. The three are transmitted separately, and the payment of one discharges the bill.
- Foreign exchanges**, the rates of value between the standard currency of one country and that of another country; also the settlement of the balance of trade between countries by means of bills, &c.
- Foreign market**, collective term for foreign stocks.
- Foreign rails**, the stock of foreign railways as distinct from "home rails".
- Foreshore**, that part of the shore between ordinary high and low water mark, which belongs to the Crown, unless the title of an individual is shown.
- Forfeiture**, the right of taking a person's property by way of penalty, e.g. a tenant's interest for breach of covenant, or shares for unpaid calls.
- Forgery**, the crime of unauthorized making or altering of an instrument with intent to defraud.
- Forward price**, as distinguished from *spot price*, a price for delivery and payment at a future date.
- Forwarding agent**, a person whose business is the collection and dispatch of goods.
- Foul bill**, a certificate given to the master of a ship on clearing a port, declaring that the port is infected with disease.
- Founders' shares**, shares allotted to the founders of a company without payment in recognition of services rendered, generally entitled only to a deferred dividend.
- Franc**, the French coin and unit of value, equal to about 9*d.*; the basis of the coinage also of Belgium, Switzerland, Italy, Greece, Spain, Rumania, Bulgaria, and Servia, the name being different in some of those countries.
- Franchise**, an especial privilege conferred by the Crown on individuals beyond those rights which belong to the people at large; the right to be a voter at a Parliamentary election.
- Fraud** (*Fr.*, fraude; *G.*, Betrug; *Sp.*, fraude; *It.*, frode), using a deceitful or unfair means to obtain an advantage over another person; a ground of setting aside a contract or for an action of damages in tort.
- Frauds. Statute of**, 29 Charles II, 1678, one of the most famous statutes: "An Act for the prevention of frauds and perjuries"; requires writing in many cases in order that an action may be brought upon a contract.
- Fraudulent conveyance**, a conveyance of property made by a person with the intention of defrauding creditors.
- Fraudulent preference**, the preferring of one creditor over others by a person who subsequently becomes bankrupt.
- Free alongside ship** (f.a.s.), **Free on board** (f.o.b.), terms applied to contracts when the condition is that the goods are delivered either free alongside the ship or free on board the ship, the seller's risk then ending.
- Free of all average** (f.a.a.), in a marine insurance policy, denotes that no claims for general or particular average are covered.
- Free of capture and seizure** (f.c.s.), in marine insurance, a phrase protecting the underwriters against liability in connection with the risks named.
- Free of income tax**, in connection with dividends, &c., means that the sum paid over is not liable to further deduction in respect of income tax.
- Free of particular average** (f.p.a.), a clause in a marine insurance policy indicating that goods are not insured against damage or partial loss unless due to stated causes.
- Free on board**. See *Free alongside ship*.
- Free on board and trimmed**, in connection with sales

G

- of bunker coal, denotes that the coal is to be put on board ship and properly stowed away.
- Free override**, in a sale of goods carried by ship, denotes that the seller's liability ceases when the goods are outside the ship.
- Free port**, a port at which ships of all nations can load and discharge without payment of Customs duties or charges; or a port which is open to the trade of all nations.
- Free Trade**, a fiscal system under which imports are taxed only for revenue purposes and not for the protection of home manufacturers. Under a free-trade system there may be import duties, but all such duties are balanced by equivalent excise duties on home manufactures.
- Freehold**, tenure of an estate which is free; the highest form of ownership of land known to English law.
- Freight** (*Fr.*, fret; *G.*, Fracht; *Sp.*, flete; *It.*, nolo), the amount payable by the owner of goods to the ship-owner for their carriage, or for the hire of a vessel under a charter party, or paid in advance on either account.
- Freight note**, a shipbroker's statement of the sums due by shippers.
- Freight release**, a separate authority or an indorsement on a bill of lading to the effect that the stop for freight on goods is removed by the shipowner so that the officer in charge may deliver the goods.
- Freighter**, one who supplies the cargo of a ship.
- Frères** (*Fr.*), brothers: used in the style of a firm.
- Friendly Society**, a mutual society for protection against loss through sickness, old age, death, &c.
- Fruit, canned and bottled**, imported from United States, Straits Settlements, Spain, Holland, Italy, France, &c.
- Full and complete cargo**, a cargo full and complete according to the custom of the port of loading.
- Fuller's earth**, an unctuous granular form of clay found near Bath, Reigate, &c.; used for removing grease from cloth, in soapmaking, for filtration purposes, &c.; exported to a small extent.
- Fully-paid shares**, shares on which the total amount has been paid, either on allotment or on subsequent calls.
- Funds**: *funded debt*, permanent debt of a country, repayable at a distant or indefinite date. The conversion of floating debt into stock is called "funding".
- Furniture**, imported chiefly from France, United States, Germany, Belgium, Austria, and Holland.
- Furs, rabbit**, imported from Australia, Belgium, New Zealand, &c.; *seal*, imported from Newfoundland, Russia, Norway, United States, Japan, Cape Colony, &c.; *miscellaneous* imported from Germany, United States, Australia, Canada, China, Russia, France, &c.
- Furthcoming** (*Sc.*), an action by which the goods of a third party owing money to a debtor are made over to the latter's creditor.
- Future ownership**, ownership in an estate the enjoyment of which does not take place until a future time; it may be vested or contingent.
- Futures**, the term applied to non-existent or unascertained produce or crops dealt in by forward contracts. See *Options*.
- G.A.**, general average.
- G. & S.W.R.**, Glasgow and South-Western Railway.
- G.C.R.**, Great Central Railway.
- G.E.R.**, Great Eastern Railway.
- G.M.**, general manager.
- G.m.b.H.**, in German, Gesellschaft mit beschränkter Haftung, limited liability company.
- G.N.R.**, Great Northern Railway.
- G.N.S.R.**, Great North of Scotland Railway.
- G.P.O.**, General Post Office.
- G.W.R.**, Great Western Railway.
- Ga.**, Georgia.
- Gal.**, gallon.
- Galls**, excrescences formed on oak and other trees by insects; useful in tanning, dyeing, ink-making, &c.; imported from Asiatic Turkey, China, Persia, &c.
- Gambier**, an extract prepared from certain Malaysian shrubs, used in tanning and dyeing; imported from Straits Settlements and Dutch East Indies.
- Game**, birds and beasts that are objects of the chase, of which the chief are: hares, pheasants, partridges, grouse, heath and moor game, black-game and bustards; imported from Russia, Egypt, Holland, Norway, Australia, Austria, Germany, &c.; exported to France, United States, &c.
- Gaming and wagering contracts**, contracts based upon chance, which are void as contravening the provisions of the Gaming Acts.
- Garnishee**, a party against whom an order is made not to pay a debt which he owes to his creditor, but to hold it for another who has obtained judgment against his creditor.
- Gauge**, a standard or scale of measurement; the name of various measuring instruments, as a rain-gauge, wire-gauge, gauging-rod (for casks), pressure-gauge, &c.
- Gavelkind**, the custom by which real estate descends not to the eldest son but to all sons equally. It still obtains in Kent.
- Gazette**, the official publication in London, Edinburgh, or Dublin in which notifications are required by law to be or are customarily given, as in the case of bankruptcy, dissolution of partnership, &c.
- Gebrüder** (*G.*), brothers: used in the style of a firm.
- Gelatine**. See *Glue*.
- General acceptance**. See *Acceptance*.
- General average**. See *Average, general*.
- General commerce**, the whole of the imports of a country, whether for home consumption or re-export, and the whole of the exports, whether of home production or re-exports; distinguished from *special commerce*.
- General meeting**, a meeting of the shareholders of a company. At least one must be held in every year.
- General ship**, a ship for the carriage of goods of various shippers, as distinguished from a ship chartered by one freighter.
- Geneva**, or *gin*, imported from Holland, Belgium, Germany, &c.
- Gesellschaft** (*G.*), company; *G.m.b.H.* (Gesellschaft mit beschränkter Haftung), company with limited liability.

- Gilt-edged securities**, the best securities: mostly applied to securities guaranteed by Government as to principal and interest.
- Ginger**, a spice obtained from the root of a plant native to the East Indies, and now found also in Africa, the West Indies, &c.; imported from India, West Indies, Sierra Leone, Japan, &c.
- Give on**, paying contango on securities.
- Glass**, imported from Belgium, Germany, Holland, France, Austria, Sweden, United States, &c.; exported to British possessions, United States, South America, &c.
- Glebe**, land which is attached to an ecclesiastical benefice.
- Gloves, leather**, imported from France, Germany, Austria, Belgium, &c.; exported to United States, Canada, France, Germany, Australia, New Zealand, &c.
- Glucose**, a sugar found in grapes, cherries, honey, &c., otherwise known as dextrose or grape-sugar; manufactured from potatoes or maize, and used in confectionery, brewing, &c.; imported mainly from United States, but to some extent from Germany, Belgium, and Holland.
- Glue and gelatine**, prepared from hides, skins, &c., the former used for adhesive purposes, the latter in confectionery, photography, &c., imported from Germany, Belgium, France, Austria, Holland, United States, &c., exported to Norway, United States, Sweden, East Indies, Canada, Holland, France, &c.
- Glut**, applied to the state of the market in any commodity when the supply greatly exceeds the demand.
- Glycerine**, imported crude from France, Belgium, Russia, Germany, Australia, Spain, Holland, &c.; distilled glycerine from Holland, Germany, &c.; exported crude to United States, &c.; distilled to South Africa, Canada, Portuguese East Africa, Japan, &c.
- Goatskins**, imported from India, Cape Colony, Aden, Morocco, United States, China, France, Egypt, Germany, Russia, &c.
- Godown**, the name given to a merchant's warehouse in the East.
- Going concern**, an undertaking which is actually in being, and is so treated at the time of a valuation or transfer.
- Gold bonds**, bonds bearing interest payable in the gold coin of the State issuing them.
- Gold ore**, imported from Australia, France, Mexico, Transvaal, Rhodesia, New Zealand, Gold Coast, &c.; **gold leaf**, from Germany, &c.
- Gold point**. See *Specie Point*.
- Good condition**, a warranty as to goods being in a certain condition at a certain time; a usual clause in a bill of lading which stipulates that the goods are shipped in "apparent good condition" excepts the shipowner from liability as to quality, and implies only that the goods were shipped with the appearance of good condition.
- Good faith**, the honest intention with which an act is done.
- Good merchantable quality and condition**, in a contract regarding goods purchased, signifies that the goods must be of average good quality and in normal good condition.
- Goods**, all chattels personal other than things in action and money, and in Scotland all corporeal moveables except money.
- Goods and chattels**, personal property as distinct from realty. See *Goods*.
- Goodwill**, that asset of a business which, distinct from stock or other assets, consists in the expectation that customers will continue to resort there, or clients will continue to employ those who continue it.
- Gooseberries**, imported from Holland, Belgium, France, &c.
- Goschens**, 2½ per cent Consols, named after the first Lord Goschen, who converted them from 3 per cents when Chancellor of the Exchequer.
- Gourde**, the dollar of Haiti, nominally worth about 4s.
- Government**, the administrative and legislative authority of a country; applied also to the official members of the particular party in power.
- Grain**, a unit of weight equal to $\frac{1}{7000}$ th of a pound avoirdupois. The pound Troy is equal to 5760 grains.
- Gram, or gramme**, the unit of weight in the metric system, representing the weight of a cubic centimetre of distilled water at its greatest density; equal to 15.432 grains.
- Gram**, an East Indian plant also called the chick-pea; used for fodder and also as a foodstuff; seeds imported from India.
- Grand jury**, a jury of not less than twelve nor more than twenty-three who hold the preliminary investigation into crime to decide by a majority whether or not a bill of indictment shall be preferred before a petty jury.
- Granite**, imported from Channel Islands, Belgium, Norway, Sweden, France, Germany, &c.
- Grant**, transfer of property, conveyance by deed.
- Grapes**, imported from Spain, Portugal, Channel Islands, Belgium, Cape Colony, &c.
- Gratis** (*L.*), free, given away.
- Graving dock**, a dry dock for the inspection and repair of ships.
- Grease**, exported to Russia, Italy, France, Holland, Germany, United States, &c.
- Great hundred**, a name for 120, used, for instance, in connection with imported eggs.
- Greenback**, a legal tender note issued by the United States Government, so named because the back is printed in green ink.
- Gresham's Law**, the name given to the law according to which bad money drives good money out of circulation, where good and debased coinage exist side by side.
- Grindstones**, exported to Russia, United States, &c.
- Groats**, oats or other cereal from which the hull or husk has been removed; imported from Holland, &c.
- Gross**, total weight or cost; greater than ordinary (e.g. negligence); absolute and of its own right; without deductions for charges or expenses (as in *gross profit*): applied also to rights over real property not dependent on ownership of that property; in numbering, a gross is twelve dozen.
- Ground annual** (*Sc.*), an annual burden upon land akin to an English ground rent, but without a limit of time; similar, but inferior, to a feu duty.

Ground rent, the payment which a person makes for the rent of ground taken on a building lease.

Groundage, payment for space occupied by a ship when in port.

Guano, a manure consisting of the excrement of sea-fowl; imported from Peru, Belgium, Seychelles, Iceland, Uruguay, Argentina, &c.

Guarantee, a contract of suretyship.

Guaranteed stocks, issues of which the interest is guaranteed either by Government, or by the company issuing, or by some other company.

Guard book, an office book into which documents such as invoices are pasted for reference.

Guardian, a person appointed to have the control of or management of the property of one who through infancy or other incapacity is incapable of acting on his own behalf. A guardian may be appointed by will or by the Court. A guardian *ad litem* represents infants or lunatics in any action.

Guardians of the poor, in England and Wales, members of a board of guardians for a parish or union, who administer the poor law.

Guild (or Gild), in the Middle Ages, a voluntary association for mutual assistance in trade; the origin of the London Livery Companies, and the forerunner of a modern Chamber of Commerce.

Guilder, a name for the Dutch florin, equal to 1s. 8d., also called *guilder*.

Guinea pig, term applied to a person of title or social position who becomes a director not primarily for business ability or financial qualifications.

Gulden. See *Guilder*.

Gum arabic, obtained from several species of acacia, is imported chiefly from Egypt, Nigeria, Persia, India, France, French West Africa, Morocco, &c.

Gutta percha, a rubber-like substance, used in similar ways to rubber; obtained as a milky secretion from trees in the Malay peninsula and some neighbouring islands and elsewhere; imported from Venezuela, Straits Settlements, British Guiana, Dutch Guiana, Holland, Germany, &c.

H

H.B.M., His Britannic Majesty.

H.M.C., His Majesty's Customs.

H.M.S., His Majesty's ship.

H.P., horse power.

HWONT, high water of neap tides.

HWOST, high water of spring tides.

ha., hectare.

Haberdashery, exported to many British possessions and foreign countries.

Haddock, exported fresh to Germany, Belgium, &c.; cured and salted to Greece, France, Spain, Italy, Turkey, &c.

Haddocks, Ordinary Stock of the Great North of Scotland Railway.

Haikwan tael. See *Tael*.

Hair, of oxen, imported from Germany, United States, France, &c.; of goats, from India, China, Russia, Ger-

many, &c.; of horses, from China, Russia, Germany, Belgium, Argentina, Australia, &c.; manufactures of hair, from Germany, France, &c.

Half-commission men, on the Stock Exchange, men who introduce business to brokers and receive half the commission on it.

Hall mark, the impress that a public assayer stamps upon gold and silver wares, indicating the degree of the fineness of the metal, the assay town's mark, payment of duty, date, maker or workman's mark.

Hammer, a term applied where on failure to meet engagements on the Stock Exchange an announcement to that effect is made, preceded by striking three times with a mallet on the central box in the building.

Hams, imported mostly from the United States and Canada.

Hand, a unit of length, equal to four inches, used in stating the height of horses.

Hand, under, an instrument signed but not sealed.

Hand and seal, in a deed, the signature and seal of a party to it.

Hard cash, coins as distinguished from bank notes.

Hard money, a name for metallic money in the United States.

Hardware, imported from Germany, Belgium, United States, France, &c.; exported to British possessions, South America, &c.

Haricot Beans, imported from India, Madagascar, Rumania, Germany, Austria-Hungary, Belgium, Russia, Italy, &c.

Hats and bonnets, of felt, imported from Switzerland, Italy, Germany, France, &c.; of straw, from Italy, France, Switzerland, Germany, &c.; felt hats exported to Canada and other British possessions, Germany, France, Holland, Belgium, United States, &c.; straw hats to British possessions, Holland, United States, &c.

Haulage, charges made by railway and similar companies for the use of trucks, wagons, &c., and for hauling them.

Hay, imported from Canada, United States, &c.

Hectare, a unit of area in the metric system, equal to 100 ares, or 2.471 acres.

Hectolitre, in the metric system, a unit of capacity, equal to 100 litres, used chiefly for dry goods; equal to 2½ bushels.

Heir, the person entitled at law to succeed to an estate in land on intestacy.

Heirloom, strictly, chattels which by custom descend with land to the heir, but applied also to those settled to follow the land.

Heller, a monetary unit in Austria-Hungary, equal to one-hundredth of a crown, or 1/100; also called *filler*.

Hemp, imported from Philippines, New Zealand, Russia, India, Italy, &c.; hemp yarn from Italy, Belgium, Holland, Russia, Germany, &c.

Hereditament, a technical term for real or other property which goes to the heir—land, buildings, &c.

Heriot, in copyhold, a fine consisting of the best beast or chattel on the estate, which the lord can by custom demand on alienation of the estate.

- Heritable** (*Sc.*), that which goes to the heir; distinguished from moveables, which vest in the executor.
- Heritors**, in Scotland, proprietors of heritable subjects who are liable to parochial assessment for certain ecclesiastical burdens.
- Hernanos** (*Sp.*), brothers: used in the style of a firm.
- Herrings**, exported fresh to Germany, Holland, &c.; cured and salted to Germany, Russia, United States, Belgium, Italy, &c.
- Hhd.**, hoghead.
- Hides**, imported from Argentina, India, Italy, Russia, South Africa, Straits Settlements, Australia, France, British East Africa, &c.
- High seas**, the sea beyond the three-mile limit from any country's shores.
- Highway**, a way over which the public has a right of passage.
- Hinde Palmer's Act**, an Act of Parliament passed in 1869 which abolished the priority of specialty debts over simple contract debts in the administration of the estate of a deceased person.
- Hire** (*Fr.*, louage; *Gr.*, Miete; *Sp.*, alquiler; *It.*, affitto), the class of bailment by which goods or services are rendered for periodical payment.
- Hire purchase**, a contract under which goods are let for hire, with the condition that payment of a certain number of instalments makes them the property of the person hiring them.
- hl.**, hectolitre.
- Hock**, a light white wine prepared in the Rhine valley, named from Hochheim; imported from Germany.
- Hogshead**, a measure of capacity used for wines and other commodities; equal to 63 gallons in the case of wine.
- Hold**, the hollow interior of a ship in which cargo is stored.
- Holder for value**, a person in possession of a negotiable instrument, who has given value for it.
- Holder in due course**, a holder who has taken a bill of exchange, complete and regular on the face of it, under the following conditions: (1) That he became the holder before it was overdue, and without notice of dishonour; (2) that he took it in good faith and for value, and knew of no defect in the title of the person who negotiated it to him.
- Holding out**, conduct by which a person not actually a partner or agent may be held to have made himself liable as one.
- **Holograph**, a document wholly in the handwriting of the maker: by Scots law valid without witnesses.
- Home Rails**, the stock of home railways as a whole, as distinguished from Foreign Rails.
- Home Use Entry**, a Customs document used when goods liable to duty are removed from a warehouse for home consumption.
- Homologation**, in Scotland, approval of a defective or informal deed, engagement, or obligation so as to make it binding.
- Honey**, imported from British West Indies, United States, France, Chile, &c.
- Hong**, a Chinese name for a European factory in Canton.
- Honour**, to acknowledge by acceptance or payment; of a bill of exchange, an acceptance by one not a party.
- Hops**, imported from United States, Belgium, Germany, &c.; exported to Belgium, Germany, &c.
- Horn**, imported from India, Argentina, Australia, Belgium, France, Germany.
- Horse power** (h.p.), the unit in which is measured the power of a steam engine or other motive machine, being the rate at which 33,000 lb. weight is lifted 1 ft. in 1 min.
- Horses**, imported from France, Belgium, Russia, Holland, United States, Germany, Italy, &c.; exported to Holland, Belgium, France, British possessions, &c.
- Hosiery**, of wool, imported from Germany, Switzerland, France, &c.; exported to British possessions, France, Denmark, Sweden, &c.
- Hotchpot**, an account into which various items of an estate or fund are brought for the purpose of an equal distribution of all gifts or portions which have been made by a will where it is not intended that they shall be taken in addition to shares already held.
- House**, a familiar term for the Stock Exchange.
- Hull**, the body of a ship apart from masts, spars, &c.
- Hypothec** (*Sc.*), security in favour of a creditor over the property of his debtor, or of a landlord for his rent.
- Hypothecation**, a species of pledge in which the pledgee retains possession of the thing charged, as a charge on a ship by bottomry.

I

- I.C.S.**, Indian Civil Service.
- i.e.**, *id est* (*L.*), that is, namely.
- I O U**, I owe you; name of a note acknowledging indebtedness.
- I.T.**, Indian Territory.
- Ia.**, Iowa.
- Ib.**, *ibid.*, contractions for *ibidem* (*L.*), meaning 'in the same place'.
- Ice**, imported mostly from Norway.
- Ida.**, Idaho.
- Identification**, the preliminary required by the Bank of England when inscribed or registered stock is transferred, the holder or his attorney having to be identified by the broker or his clerk.
- Ill.**, Illinois.
- Illegality**, an unlawful object which will vitiate a contract.
- Immoveables**, the term applied to real property and leaseholds in Scots and international law.
- Impersonal accounts**, in bookkeeping, accounts which relate to things, such as goods, cash, &c., and not to persons.
- Implements and tools**, imported from United States, Germany, Canada, France, &c.; agricultural implements exported to Brazil, many British possessions, &c.; other implements and tools to Russia, South America, many British possessions, &c.
- Import duties**, duties, either revenue or protective, imposed on goods at the port of entry, as opposed to excise duties levied on home productions.

- Imports**, a general term applied to goods brought into a country, as opposed to exports, those which are sent out.
- Impost**, a tax, especially one upon an article of consumption.
- Impound**, to place documents in security for further reference, as by order of a judge.
- Imprest system**, a system of keeping petty cash under which the person responsible for keeping it receives a certain sum at the outset and is paid monthly the exact amount of his outlays during the month.
- In ballast**, said of a ship leaving a port without cargo, but with some heavy material to make it stable.
- In case of need**, words on a bill of exchange along with the name of a party to whom a holder may resort in the event of the bill being dishonoured.
- In esse** (*L.*), actually in being, as opposed to *in posse*, that which may be.
- In extenso** (*L.*), at full length.
- In forma pauperis** (*L.*), in the character of a poor person; a procedure by which a person of no means may appear in Court without payment of the usual fees and with the free assistance of solicitor and counsel.
- In loco parentis** (*L.*), in the place of a parent.
- In personam** (*L.*), a personal action; an action against a person and not against his property.
- In posse** (*L.*), in possibility, as opposed to *in esse* (in being).
- In re** (*L.*), in the matter of: a general heading introducing a subject or name of an action.
- In rem** (*L.*), a claim or action against the subject matter instead of against the person, as a right against a ship.
- In statu quo** (*L.*), in the previous position, unaltered.
- In transitu** (*L.*), in course of transit; goods which have been dispatched but have not reached the consignee or his agent.
- Inchoate instrument**, a document not legally completed.
- Income, earned or unearned**. Income is so divided for the purpose of tax, the former, if under £2000, being assessed at a lower rate than the latter—income derived from rents, profits, or interest on investments.
- Income tax**, a tax levied on all persons enjoying an income above a certain amount.
- Inconvertible currency**, paper currency which is not convertible on presentment into gold.
- Incorporated accountant**, a member of the Society of Accountants and Auditors.
- Incorporation**, the act of forming a corporation or company.
- Incorporeal property**, property of a non-visible kind, such as reversions, remainders, &c.
- Increment**, natural growth in value. **Unearned increment** is applied chiefly to the increase in the value of land not due to the proprietor's exertion or expenditure but nevertheless enjoyed by him.
- Increment duty**, a duty first imposed by the Finance "Act of 1909 on the increase in value of lands not due to the owner's efforts.
- Ind.**, Indiana.
- Indemnity**, compensation for loss; a document given, usually by deed, to secure a person from liability for any act or omission.
- Indent**, a classified order for goods sent from a foreign merchant to a home merchant.
- Indenture**, a deed made between two or more parties.
- Index**, an alphabetical key to the contents of a book; necessary in the chief commercial books.
- Index number**, a number denoting the level of any measurable thing, such as prices, employment, wages, &c., at a given time as compared with the level of the same thing at a fixed standard time: useful in economic and political investigation.
- Indiarubber**. See *Rubber*.
- Indictment**, the written accusation of crime against a person found and presented by a grand jury.
- Indigo**, a blue dyestuff obtained from a plant native to the East Indies, now also manufactured chemically; imported from India, Salvador, Germany, &c.
- Indirect taxation**, taxation which can be passed on by the person assessed to others; for example, import duties.
- Indorsee**, a person to whom a bill or similar document is indorsed.
- Indorsement**, the act of writing or what is written on the back of an instrument.
- Indorser**, one who indorses a bill or other document.
- Industrial disease**, a disease contracted by a workman in the course of his employment which gives him a right to compensation as for an accident.
- Industrial dispute**, a dispute arising in an industry between master and men as to wages or other conditions of labour.
- Industrials**, stocks or shares in companies engaged in manufacturing or commercial enterprises.
- Infant**, a person under the age of twenty-one; cannot be bound on a contract except for necessities; sues by his next friend and defends an action by a guardian appointed by the Court.
- Infeftment** (*Sc.*), the act of giving possession of real property; also the instrument which evidences the act.
- Ingot**, a bar of metal.
- Inhabited house duty**, a tax payable on inhabited houses, first imposed in 1851 in lieu of window tax.
- Inhibition** (*Sc.*), a prohibition at the instance of a creditor, preventing a debtor from doing anything to alienate any of his property to the detriment of the creditor.
- Injunction**, a writ issued by a Court restraining or ordering an act; *interim* (until the hearing of a cause), or *perpetual*. The Scottish equivalent is *interdict*.
- Inland revenue**, a department of the Civil Service concerned with death duties, excise, stamps, &c.
- Inner House** (*Sc.*), the second division of the Court of Session.
- Inquest**, an inquiry, especially by a coroner, into a death.
- Inscribed stock**, stock of which the owner is registered. The transfer must be entered upon the books, and for this purpose the proprietor or his attorney must attend at the place where the registration is effected.
- Insolvency**, inability to meet one's obligations, not necessarily resulting in bankruptcy.

- Inst.**, institute; also in dates for *instant*, denoting the current month.
- Installment**, a payment on account, or a part payment.
- Instant** (*L.*), immediately.
- Instrument**, a written document of any kind embodying a contract or declaring a right.
- Instruments and apparatus**, other than electrical, imported from United States, Germany, France, Belgium, Italy, &c.; exported to many foreign countries and British possessions.
- Insurable interest**, the sufficient interest in property which is recognized by law as giving a person a right to insure it.
- Insurance or assurance** (*Fr.*, assurance; *G.*, Versicherung; *Sp.*, seguro; *It.*, assicurazione), a contract under which one party undertakes to indemnify another against loss if a certain event should happen, or to pay a certain sum of money at a stipulated time, in consideration of the payment of a periodical sum called a premium.
- Int.**, interest.
- Inter alia** (*L.*), among other things.
- Inter se** (*L.*), between themselves, mutual.
- Interbourse securities**, securities negotiable in various countries and at fixed rates of exchange.
- Interdict** (*Sc.*), injunction.
- Interest** (*Fr.*, intérêt; *G.*, Zinsen; *Sp.*, interes; *It.*, interesse), money paid for the loan of money or by agreement on a debt due.
- Interest warrant**, an order for payment of interest on certain classes of stock.
- Interim**, in the meantime, for part of the time, as an interim dividend.
- Interlocutor** (*Sc.*), the written judgment of a Court.
- Interlocutory**, in an action, a step in the preliminary stage before trial.
- International market**, the market on the Stock Exchange in international securities.
- Interpleader**, an action in which the right is tried when two persons claim to be entitled to goods in the hands of a third party, who interpleads for his own relief.
- Interrogatory**, in an action, a written question administered by leave by one party to another to be answered on oath.
- Intestate**, said of a person dying without having made a will.
- Intimidation**, the act of preventing a person from doing what he wishes by putting him in fear of harm, or compelling him to do what he would not otherwise do.
- Intra vires** (*L.*), within the powers (of a body): opposed to *ultra vires*.
- Inv.**, invoice.
- Inventory**, a list or schedule of goods with description.
- Investment**, money put to use in such a way as to yield an annual return.
- Investor**, one who buys and sells on the Stock Exchange the best, as opposed to speculative, securities.
- Invisible imports and exports**, the material advantages in trade which are not represented by actual goods passing, and including in the case of Britain amounts earned as freight, interest on capital invested abroad and other expenditure abroad, trade expenditure and remuneration for various other services earned abroad.
- Invoice** (*Fr.*, facture; *G.*, Faktura; *Sp.*, factura; *It.*, fattura), an account sent by the seller of goods to the buyer setting forth particulars of the goods sold and the prices charged.
- Invoice Book**, in bookkeeping, the book which contains the record of goods purchased by the firm; also called Bought Day Book and by other names.
- Ipsa facto** (*L.*), from the fact itself.
- Iron, pig**, imported from Sweden, Germany, Spain, Holland, &c.; exported to Japan, France, Italy, Germany, United States, Canada, Australia, Sweden, Russia, Belgium, Holland, &c.
- Iron, wrought**, imported from Belgium, Sweden, Germany, &c.; exported to British possessions, South America, &c.
- Iron castings and forgings**, imported from Germany, United States, &c.
- Iron ore**, imported from Spain, Algeria, Sweden, Norway, Greece, Tunis, France, Russia, Newfoundland, &c.; a little exported.
- Irredeemable**, applied to stock in connection with which there is no right to claim repayment of the purchase money.
- Isinglass**, a substance prepared from the swimming-bladders of various fish, especially the sturgeon: used in confectionery, brewing, &c.; imported from India, Straits Settlements, Brazil, Japan, &c.
- Issue**, (1) descendants of a settler or testator; (2) the questions which are the subjects of trial; (3) profits arising from an estate.
- Issue Department**, one of the two departments of the Bank of England, as required by the Bank Charter Act.
- Issue par**, the price at which stocks or shares are issued.
- Ivory**, imported from Belgium, Egypt, British East Africa, United States, Germany, India, &c.; vegetable ivory, prepared from certain South American palm trees, from Ecuador, Germany, Colombia, &c.
- J.P.**, Justice of the Peace in a county or borough.
- Jerquer**, the Customs officer who boards vessels and searches for dutiable articles.
- Jetsam**, wreckage remaining under the water.
- Jettison**, the throwing over of a part of a cargo to preserve the rest.
- Jewellery**, imported from Austria-Hungary, Germany, France, &c.; exported to British possessions, Argentina, United States, &c.
- Jobber**, one who buys or sells stock or shares for a quick profit, dealing not with the public but with brokers.
- Jobber's turn**, the middle price between the jobber's offer to buy and his offer to sell.
- Johnnies**, the shares of the Johannesburg Consolidated Investment Company.
- Joint**, that which is shared by more persons than one, usually passing to the survivor or survivors on the death of anyone.

Joint and several, ownership or liability which is either separate or joint, in the case of debtors at the discretion of the creditor.

Joint stock company (*Fr.*, société anonyme; *G.*, Aktiengesellschaft; *Sp.*, sociedad por acciones or anonima; *It.*, società anonima), a company incorporated under the Companies (Consolidation) Act, in which the capital is supplied by several people in the form of stock or shares.

Jointure, a provision made by a husband for his wife by way of a charge on the estate.

Journal, an important book in some systems of book-keeping, especially on the Continent, but not now much used in Britain. It serves as an intermediate book between the books of original entry and the ledger.

Journeyman, an artisan who has completed his apprenticeship.

Jr., junior.

Judgment, the decree of a Court of Justice ordering payment of money or otherwise.

Judgment creditor, a person who has had judgment given in his favour in an action for recovery of a debt or for damages.

Judgment debtor, a debtor who has had judgment given against him ordering him to pay.

Judicial factor, in Scotland, an officer appointed by a Court to look after estates or interests which have not a capable owner or administrator or are under litigation.

Judicial rent, the rent which is fixed by a Court, as in Scotland and Ireland by the Land Court.

Judicial trustee, a trustee appointed by the Court.

Jun., junior.

Jury, a body who are in a civil or criminal case impanelled and sworn to find a verdict.

Jute, imported almost entirely from India; *jute yarn* from Belgium, France, Germany, Holland; *jute manufactures* from India mainly; *jute yarn* exported to Brazil, Portugal, Belgium, Argentina, Holland, Germany, United States, Spain, &c.; *jute manufactures* exported to United States, Canada, Argentina, Norway, Sweden, India, &c.

K

Kaffirs, shares of South African Land and Investment Companies.

Kangaroos, shares in West Australian Mining and Land Companies.

Kans., Kansas.

Kapok, or *vegetable down*, prepared from a Dutch East Indian tree; imported to a limited extent for stuffing purposes.

Kartel, a trust formed between rival traders.

Kauri. See *Kourie*.

Keelage, a toll on every vessel entering a port.

Kentledge, permanent ships' ballast, usually of weighty substances such as pig-iron.

kg., kilogram.

Khakis, the South African War Loan.

Kieselguhr, an infusorial earth used in the manufacture of dynamite; imported mostly from Germany.

kil., kilometre.

Kilderkin, a measure of capacity for certain liquids, &c., equal to 18 gallons or half a barrel.

Kilo., kilogram.

Kilogram, in the metric system, a thousand grams, equal to 2·2 lb.: often abbreviated *kilo*.

Kilometre, in the metric system, a thousand metres, equal to ·621 of a mile.

Kind, payment in, payment in goods or commodities instead of cash: illegal under the Truck Acts in respect of wages.

Kite, applied to the systematic issue of accommodation bills for speculative purposes.

km., kilometre.

Knock-out, an agreement between dealers at an auction sale not to bid against each other, and, it may be, to hold a private sale afterwards amongst themselves to dispose of lots purchased by any.

Knot, a nautical mile, equal to 2025 yards.

Knubs and husks, the covering of silk cocoons, imported for working up in the silk factories.

Kopeck, a Russian money of account, equal to $\frac{1}{100}$ th of a rouble, or about a farthing.

Kowrie gum, or *kauri gum*, a gum prepared from a New Zealand pine; imported from New Zealand and Australia.

Kran, a Persian money unit represented by a silver coin, valued at 48d.

Krone, the Austrian crown, equal to 10d.

Ky., Kentucky.

L

£, pounds sterling.

L/C, letter of credit.

£E, Egyptian pounds. The Egyptian pound is equal to £1. 0s. 6½d.

L.S., *locus sigilli* (*L.*), the place for the seal (in a document).

£. s. d., *Libre, solidi, denarii*, pounds, shillings, pence.

£T, Turkish pounds. The Turkish pound is equal to 18s. 0·064d.

L. & N.W.R., London and North-Western Railway.

L. & S.W.R., London and South-Western Railway.

L. & Y.R., Lancashire and Yorkshire Railway.

L.B. & S.C.R., London, Brighton, and South Coast Railway.

La., Louisiana.

Labour exchange, an office established under the Board of Trade for the purpose of receiving applications, advertising vacancies, and supplying candidates for employment.

Lac (lakh), an Indian term for 100,000; used especially for a lac of rupees, equal to £6668, 13s. 4d.

Laches, delay in doing anything or pursuing a right, which may divest a person of his right or remedy.

Lading, Bill of. See *Bill of Lading*.

Lady Day, a quarter day in England and Ireland, March 25th.

- Lagan**, wreckage sunk in the sea attached to a buoy.
- Laissez faire**, the doctrine of non-interference by Government in matters of trade, to a strict application of which even such legislation as the Factory Acts would be opposed; complete freedom of action in trade.
- Lakh**. See *Lac*.
- Lame duck**, a defaulter on the Stock Exchange.
- Lammas lands**, meadow land in private occupation until after the gathering of the crops on Old Lammas Day, 12th August, after which the land is thrown open to pasturage or for use by commoners.
- Lamps and lanterns**, other than electric, imported from United States, Germany, France, &c.
- Land certificate**, a certificate issued to the landowner by the Land Registry.
- Land nationalization**, the doctrine that private ownership in land is opposed to public interest, and that the State should acquire the land and be the only landlord.
- Land Registry**, the office where land transfers are registered under the Land Transfer Act, or the Middlesex and Yorkshire Registries Acts.
- Land tax**, an annual tax charged on land payable by the owner unless it has been redeemed.
- Land values**, the values put upon land for the purposes of duty.
- Land waiter**, a Customs officer who examines dutiable goods on importation and also checks exports.
- Landing account**, the account issued by a dock or warehouse proprietor showing particulars and weight of cargo ex ship.
- Landing book**, a book from which landing accounts are made up.
- Landing weight**, weight of a ship's cargo at the time of being removed from the ship.
- Landlord**, the person who grants a tenancy to another, called a lessor when the tenancy is for a term of years.
- Lapse**, failure, as of a legacy through the death of the legatee before the testator, or through non-working, in the case of a patent.
- Larceny**, theft; the unlawful taking of property with intent to deprive the rightful owner.
- Lard**, a fat obtained from pigs, imported from United States, Canada, China, Denmark, &c.; exported to France, British West Africa, South Africa, &c.
- Lascar**, an Indian seaman employed on ships trading to the East.
- Lest**, an old unit of measurement, originally denoting a load; in regard to hogs, it means 12 dozen; in regard to wool, 12 sacks; and so on.
- Latin Union**, a monetary union founded in 1865, now comprising France, Belgium, Switzerland, Italy, and Greece. The monetary unit is the franc or a coin of equal value.
- Law agent (Sc.)**, a lawyer, including writers to the signet, solicitors, and procurators in the Sheriff Court.
- Law Merchant**, that part of English law which governs commercial transactions; originally founded on the custom of merchants of all nations, now often embodied in codifying Acts of Parliament.
- Lay days**, the days allowed by a charter party for a ship to load or unload.
- Lazaretto**, a building in some foreign seaports in which imported goods are subjected to fumigation.
- Lb.**, pound avoirdupois.
- Lead ore**, imported from Australia, Peru, Colombia, France, Germany, &c.; exported to Belgium, &c.; *pig and sheet lead* from Spain, Australia, United States, Mexico, India, Germany, &c.; *pig lead* exported to Russia, Canada, France, East Indies, Argentina, United States, &c.; *lead manufactures* to India, Canada, Japan, Ceylon, Argentina, Java, &c.
- Leakage**, the allowance made for waste of liquors from casks, &c.; in general, a loss from a business unexplained by the books.
- Leasehold**, lands, houses, &c., held for a fixed term on payment of an annual rent.
- Leather**, imported *undressed* from United States, India, Australia, Germany, Canada, &c.; *dressed* from United States, Germany, France, Canada, &c.; *varnished*, *japanned*, or *enamelled* from Germany, &c.; *undressed*, exported to France, Germany, United States, Belgium, &c.; *dressed* to France, Germany, United States, Canada, Holland, Russia, India, &c.; *varnished*, *japanned*, or *enamelled* to Italy, &c.
- Ledger** (*Fr.*, grand-livre; *G.*, Hauptbuch; *Sp.*, libro mayor, *It.*, libro maestro), in bookkeeping, the chief book of account, to which are transferred all entries made in books of original entry, such as the Day Book, the Invoice Book, Cash Book, &c. A business of any size usually keeps several ledgers of different kinds. Loose-leaf and card ledgers are now in extensive use.
- Lee side**, the sheltered side; the side opposite to that from which the wind is blowing.
- Leeds**, the Ordinary Stock of the Lancashire and Yorkshire Railway.
- Leeman's Act**, the Act of 1867 which made contracts for the sale of Bank shares void unless the numbers of the shares sold were inserted in the contract.
- Leeway**, the distance to which a ship is driven out of her true course to leeward, i.e. towards the direction in which the wind is blowing.
- Legacy**, a gift by will of personal property; may be *general*, a gift given out of any part of the estate; *specific*, a named article; *demonstrative*, when payable out of a specified fund, or *cumulative*, when intended to be taken in addition to some other gift rather than substitutionally.
- Legacy duty**, a duty payable by a legatee according to the amount of the legacy and his relationship to the testator.
- Legal estate**, the actual title at law, as opposed to the beneficial interest which a person may have in equity.
- Legal tender**, a tender of payment in the current coin of the realm; gold currency to any amount, silver to the extent of £2, and copper to the extent of 1s.
- Legitim (Sc.)**, or *bairns' part*, the right of children to succeed to one-third of the personal estate of the father.
- Lemons, limes, and citrons**, imported from Italy, Spain, &c.
- Lentils**, imported from India, Russia, &c.
- Leos**, the stock of the Leopoldina Railway Company.

- Lepton** (*pl.*, *lepta*), the Greek equivalent of the French centime, one-hundredth of a drachma.
- Lesion** (*Se.*), such injury or duress sustained by a minor or person of weak capacity as will entitle him to avoid a deed which he has executed.
- Lessee, lessor**, the person to whom is granted and the person who grants a lease for a term of years.
- Letter book**, the press copy book in which letters are copied.
- Letter of allotment**, a letter to an applicant for shares in a company intimating allotment either of the full number applied for or of a *pro rata* proportion. It is subject to stamp duty.
- Letter of charge**, a memorandum to a banker intimating that certain bearer securities have been deposited with him to cover an advance made by him. It is subject to stamp duty.
- Letter of credit**, a letter addressed by one person to another requesting him to give credit to a third person, the bearer.
- Letter of indemnity**, a formal letter sent to a company by a shareholder who has lost share certificates, dividend warrants, or any other such documents indemnifying the company against any loss or detriment in the event of their issuing fresh documents to him in place of the missing ones.
- Letter of indication**, the letter carried as a means of identification by the person in whose favour a letter of credit or circular note is issued.
- Letter of introduction**, a letter given by a business firm to a person to introduce him to another person or firm and commend him to their favourable reception.
- Letter of regret**, a letter sent by a company to an applicant for shares regretting inability to allot shares.
- Letter of renunciation**, form of transfer of right which a shareholder has to participate in an issue of new shares.
- Letters of administration**, the formal grant by the Probate Court enabling a person to administer the estate of a deceased.
- Letters patent**, a writing under the Great Seal of the Sovereign conferring a right, privilege, or title upon a person or corporation. e.g. the grant of a patent.
- Leu** (*pl.* *lei*), the Rumanian equivalent of the franc.
- Lev** (*pl.* *leva*), the Bulgarian equivalent of the franc, equal to 100 stotinki.
- Liabilities** (*Pr.*, *passif*; *G.*, *Passiva*; *Sp.*, *pasivo*; *It.*, *passività*), the obligations of a trading firm as opposed to its assets.
- Libel**, defamation by writing.
- Licence**, an authority to do a given act without conferring a right of property.
- Licorice**. See *Liquorice*.
- Lien**, the right to retain goods until payment is made for charges in respect of them.
- Life annuity**, an annuity payable during the life of the person entitled to it.
- Life estate (or interest)**, an estate which endures for the life of the person entitled or of another person.
- Liferent**, in Scotland, the right of a holder of an estate to the use and enjoyment of it during his life.
- Light locomotive**, a vehicle under 13 tons in weight propelled by mechanical power, not used for drawing more than one vehicle. It must not, as a rule, emit smoke or visible vapour.
- Light railway**, a railway or tramway constructed under the Act of 1896.
- Lighterage**, a charge for carrying goods in lighters.
- Lighterman**, a man employed on a lighter or barge, a large, open, flat-bottomed boat used for conveying cargo to or from the ship's side.
- Lime**, a fruit akin to the lemon. See *Lemons*.
- Lime and lemon juice**, imported from the West Indies, Italy, &c.
- Limestone**, imported from Belgium, &c.
- Limit**, the price fixed by a customer at which a broker is instructed to open or close a bargain, or the amount fixed by a banker for an overdraft.
- Limitation of actions**. By certain statutes, of 1624, 1833, and 1874, limitation in respect of time is imposed upon the bringing of actions. An action on an ordinary contract must be brought within six years; if the contract is by deed, within twenty years; and an action in connection with the right to land, within twelve years.
- Limited**, the word which must be added to the name of every limited liability company, and must appear on all its documents, signs, &c.
- Limited and reduced**, the words which for a certain time may be required by the Court to be used with the name of a company whose capital has been written down.
- Limited liability**, the principle under which a shareholder's liability in respect of a corporation of which he is a shareholder is limited to the nominal amount of his shares or guarantee.
- Limited owner**, an owner with only a life interest in land.
- Limited partner**, a partner under the Limited Partnership Act of 1907, who subscribes capital to a business without having an active share in management or direction, and whose liability is limited in the case of failure.
- Line**, a name used for the fleet of steamers of any single shipping company.
- Linen yarn**, imported from Belgium, France, Austria-Hungary, Germany, Russia, &c.; exported to Germany, United States, Belgium, Holland, Egypt, Spain, Portugal, &c.; linen manufactures from Belgium, France, Germany, Japan, Switzerland, Denmark, &c.; to United States, Canada, Australia, India, Germany, Argentina, Japan, Cuba, Brazil, &c.
- Link**, in land surveying, the hundredth part of a chain, equal to 7.92 inches.
- Linseed cake**, a feedingstuff for animals prepared by expressing the oil from the seeds of flax; imported from the United States, India, Russia, Canada, Germany, Argentina, Spain, &c.
- Linseed oil**, prepared from flax seed, used extensively in the arts, especially as a vehicle for paints; imported from Belgium, Holland, Germany, France, &c.; exported to Australia, Brazil, Canada, New Zealand, United States, &c.

- Liqueurs**, alcoholic liquors consisting of spirits sweetened and flavoured; include Benedictine, curaçao, maraschino, kirschwasser, &c.; imported from France, Germany, Russia, United States, Holland, Austria-Hungary, &c.
- Liquid assets**, cash or other assets immediately realizable in cash.
- Liquidated damages**. See *Damages*.
- Liquidation**, the winding up of a company or business; generally, the realization of an estate.
- Liquidator**, the person appointed to carry out the winding up of a company, or of an estate or business.
- Liquorice**, the sweet root of a South European and Levantine plant, used in medicine, for sweetening purposes, &c.; imported from Asiatic Turkey. Italy, France, &c.
- Lira** (*pl.* lire), the Italian equivalent for the franc; equal to 100 centesimi.
- Litre**, in the metric system, the unit of capacity, equal to 1000 cubic centimetres, or 1.76 pints.
- Little Chathams**, Arbitration Ordinary Stock of the London, Chatham, and Dover Railway.
- Livery companies**, the ancient guilds or companies of the City of London.
- Llama**, a small camel-like animal of Peru, which supplies a useful kind of wool.
- Lloyd's**, the leading association of marine underwriters, Royal Exchange, London, accepting risks not as a corporation but by its individual members. As an association it collects and distributes marine intelligence, maintains signal stations, and issues important publications.
- Lloyd's bonds**, a kind of security employed by railway and similar companies to borrow money; so named from the barrister who devised them.
- Lloyd's Register of British and Foreign Shipping**, an association which inspects merchant vessels and yachts during construction for classification, holds surveys for damages, supervises tests of anchors and chains, fixes maximum load-lines, and publishes annually *Lloyd's Register Book* and *Lloyd's Register of Yachts*.
- Load-line**, the mark on each side of a ship required by the Merchant Shipping Act to indicate the maximum depth of submersion.
- Lobsters**, imported canned from Canada, Newfoundland, United States, &c.
- Lockage**, the works of a lock, the rise and fall of water there, or the lock tolls.
- Lockout** (*Fr.*, fermeture; *G.*, Aussperrung; *Sp.*, cierre; *It.*, lockout), the action of an employer in shutting down works when in disagreement with his employees.
- Locomotive**, the light or heavy vehicle which under regulations may be used on the roads; a railway engine. *Railway locomotives* exported to India, Argentina, France, Philippines, Australia, Brazil, &c.; *road locomotives* to Germany, Argentina, Australia, &c.
- Locum tenens** (*L.*), literally, "holding a place"; one who is temporarily discharging the duties of another person.
- Locus sigilli** (*L.*), usually contracted L.S., the place of the seal; the place in a document where the seal must be affixed.
- Locust beans**, the edible pods of a leguminous tree grown in the Mediterranean countries; imported from Cyprus, Portugal, Asiatic Turkey, Algeria, Italy, &c.
- Logbook**, the official book supplied by the Board of Trade, in which the master of practically every British ship must enter specific matters as they occur on the voyage.
- Logwood**, a red dyewood from Central America and the West Indies; imported from Hayti, Mexico, British West Indies, British Honduras, &c.
- Lombard Street**, the term applied to the London money market, especially in Bagehot's famous book.
- "Long"**, applied to the holding of stock by bulls, compared with *short* in respect of bears.
- Long firm**, a method of swindling by two or more obtaining goods on credit by false references and disposing of the goods without paying for them.
- Loose-leaf system**, a system of bookkeeping by means of books having removable leaves instead of the usual bound books.
- Lord Advocate**, the principal law officer of the Crown in Scotland.
- Lord Chancellor**, the head of the English (or Irish) Judiciary, and Speaker of the House of Lords.
- Lord Chief Justice**, in England, the head of the common law side of the High Court of Justice; unlike the Lord Chancellor, he is not a party man.
- Lord Ordinary** (*Sc.*), a judge of the Court of Session.
- Lost or not lost**, a clause in a marine insurance policy to cover the contingency where, unknown to the owner, goods may have already been lost at the time the policy is effected.
- Lottery**, a game of chance; a method of distribution of prizes and awards, illegal in Britain under the Lottery Act except as regards art unions; adopted by many foreign governments for the distribution of cash bonuses drawn for periodically on stock.
- Ltd.**, limited.
- Lumber**, American term for timber.
- Lump freight**, freight payable in a lump sum, and not at so much per ton, &c.
- Lunatic**, a person who for a time is out of his mind, as distinct from an idiot, his contract is valid during a lucid interval.

M

- M.**, Monsieur, the French equivalent of Mr.
- M.A.I.**, Magister in Arte Ingeniaria (*L.*), Master of Engineering.
- M.Com.**, Master of Commerce.
- m.d.**, months after date.
- M.Eng.**, Master of Engineering.
- M.G.I.**, Member of the Institute of Grocers.
- M.I.E.E.**, Member of the Institute of Electrical Engineers.
- M.I.M.E.**, Member of the Institute of Mining Engineers.
- M.I.Mech.E.**, Member of the Institution of Mechanical Engineers.
- M.I.M.M.**, Member of the Institute of Mining and Metallurgy.
- M.Inst.C.E.**, Member of the Institution of Civil Engineers.

M.Inst.M.E., Member of the Institution of Mining Engineers.

M.J.I., Member of the Institute of Journalists.

M.R., Midland Railway.

m/s, months after sight.

M.S.I., Member of the Sanitary Institute.

Macaroni, a preparation of wheaten flour paste in the form of long pipes, other varieties being known as vermicelli and spaghetti; imported from Italy, France, &c.

Machine tools, imported from United States, Germany, &c.

Machinery belting, imported from Germany, Holland, United States, Norway, &c.; exported to Russia, India, South America, Germany, Egypt, Rumania, South Africa, United States, Canada, &c.

Mackerel, exported *fresh* to France, Belgium, &c.; *cured* to United States, &c.

Made bill, a foreign bill sent by a provincial drawer to a London correspondent and endorsed by him.

Mahogany, imported from West Africa, British Honduras, Cuba, United States, Germany, Mexico, Hayti, &c.

Mail order, a system of trading by post, soliciting orders from and supplying goods direct to individual customers.

Mails, Mexican Railway Ordinary Stock.

Maintenance, the illegal act of one who has no interest in the subject matter of an action and finds money or assistance for its prosecution.

Maize, or *Indian corn*, imported from Rumania, United States, Russia, Argentina, Canada, South Africa, Bulgaria, India, &c.; maize meal exported to Germany, Ireland, Holland, Sweden, &c.

Maker, a person who signs a promissory note engaging to pay it.

Making a price, a jobber's quotation for buying and selling.

Making-up day, same as *Contango day* (q.v.).

Making-up price, on the London Stock Exchange, the settling price fixed at 12 p.m. on Contango day.

Mala fide (*L.*), in bad faith.

Malicious prosecution, the taking of criminal proceedings against a person without reasonable and probable cause.

Malt, prepared from barley by sprouting and drying in kilns; used chiefly in brewing; imported from Germany, &c.; exported to Holland, South Africa, Australia, &c.

Man, Manitoba.

Manager, a person appointed by a company to manage its business, or by a proprietor to manage an office or shop or department, or other undertaking. *Special manager*, one appointed to manage a business in bankruptcy.

Managing owner, of a ship, the part owner who is appointed by the other owners to conduct the ordinary business incidental to finding employment for the ship.

Manchester School, those who hold the views of the early advocates of the principles of Free Trade in Britain, who were mostly Manchester merchants. Their main principle was *laissez-faire* (q.v.)

Mandioca. See *Manioc*.

Manganese ore, imported from India, Russia, Brazil, Spain, Java, Germany, &c.

Manifest (*Fr.*, *manifeste*; *G.*, *Manifest*; *Sp.*, *manifesto*; *It.*, *manifesto*), one of a ship's essential papers, a specified inventory of the cargo, with quantities and marks, and shippers' and consignees' names, also giving particulars of the ports for loading and discharging passengers and crew. A duplicate must be rendered to the Custom House.

Manioc, otherwise *mandioca*, an alternative name for the cassava plant (q.v.), especially applied to a flour prepared from it; imported from Java, Holland, Straits Settlements, &c.

Marble, imported from Italy, Belgium, &c.

Margarine, a butter substitute prepared from the fat of beef, &c.; imported mostly from Holland.

Margin, on the Stock Exchange, a discretion or limit given to a broker within which to buy and sell; the amount deposited with a broker, also called *cover*.

Marginal credit, bills forms drawn by a banker undertaking to accept bills drawn against goods by foreign merchants.

Mark, also called *Reichsmark*, the standard money of account in Germany, equal to about 11½d.

Marked or certified cheque, a cheque marked or certified by the drawee to show that there are funds in hand to meet it.

Market (*Fr.*, *marché*; *G.*, *Markt*; *Sp.*, *mercado*; *It.*, *mercato*), an ancient statutory right to hold a market and levy tolls; on the Stock Exchange, various places where jobbers deal in distinct classes of securities.

Market overt, sale in open market; in the City of London any shop where goods are exposed for sale except on Sunday, elsewhere only sales in the marketplace on the special market day.

Market price, the price current in open market for any goods.

Market rate, the rate per cent at which bankers and others will discount bills of exchange.

Marketable security, a security of such a description as to be capable of being sold in any stock market in the United Kingdom.

Marking, the practice on the Stock Exchange by which members insert a ticket of the price at which business has been done, so that the transaction may appear in the Stock Exchange Official List.

Markka, the monetary unit of Finland, equal to the franc; divided into 100 penni.

Marriage settlement, a settlement of property made prior to and in consideration of marriage, for the benefit of the wife and children.

Martinmas, one of the chief Scottish quarter-days, November 11th.

Marzipan, a preparation of sugar and almonds, used in confectionery; imported from Germany, &c.

Mass., Massachusetts.

Master of a ship, a person entrusted with the control and navigation of a ship, and the general agent of the owners.

Matches, imported from Sweden, Belgium, Norway,

- Holland, Russia, Italy, &c.; exported to Australia, New Zealand, West Africa, India, &c.**
- Mate's receipt**, a document signed by the mate of a ship and given to the shipper when goods are received on board, and entitling the *bona fide* holder to the goods or a bill of lading.
- Mats and matting**, imported from Japan, Belgium, India, China, Germany, &c.; exported to South America, various British possessions, &c.
- Maturity**, the due date (of a bill).
- Maund**, a unit of weight in India, equal normally to 82½ lb.
- Mayor**, in England and Wales, the elected head of a municipal corporation, who is also chief magistrate of the borough.
- Md.**, Maryland.
- Me.**, Maine.
- Medjidie**, the Turkish pound, coined in gold, equal to 18s. 0·064d.
- Meeting** (*Fr.*, *assemblée*; *G.*, *Versammlung*; *Sp.*, *junta*; *It.*, *adunanza*), an informal or formal assembly for the transaction of ordinary or special business; the meeting of creditors in bankruptcy proceedings, or the ordinary or extraordinary meetings of shareholders of companies.
- Mega**, Mexican Railway First Preference Stock.
- Mem.**, **Memo.**, memorandum.
- Memorandum**, a note or advice, written evidence of a contract; in a marine insurance policy the clause constituting the warranty "free from average".
- Memorandum of association**, the formal document under the Companies Act setting forth the name, objects, capital, &c., of a company.
- Mercantilism**, the economic system under which a Government endeavours to secure a balance of trade; formerly in vogue in Britain, and best evidenced by the Navigation Acts and the Corn Laws.
- Merchandise Marks Acts**, the statutes which deal with trade marks and prohibit their false use and the false description of goods.
- Merchant Shipping Act**, the principal Act, 1894 (as amended by subsequent Acts), forming the British code of shipping law.
- Merchantable**, or *good merchantable*, quality of the usual standard of that class in the market: implied on the sale of certain goods by name.
- Merchantman**, a vessel employed in the transport of goods, as distinguished from a man-of-war.
- **Mercury**. See *Quicksilver*.
- Merger**, the fusion of one right in another, as a smaller estate in a larger.
- Mesne profits**, profits derived from land while in possession of a person alleged to be holding improperly.
- Messuage**, a term strictly meaning a dwelling house and land, but applied generally to other buildings and land.
- Métayer**, a system of cultivation of land by the payment of rent in kind, the landlord contributing to the stock.
- Methyl Alcohol**, prepared by the distillation of wood; used as a solvent, as a fuel, and in other ways; imported from United States, Canada, &c.; exported to France, &c.
- Metre**, the unit of length in the metric system, equal to 39·37 inches or 3·28 feet.
- Metric system**, the decimal system of weights and measures based upon the metre; first introduced in France, and now in very extensive use.
- Mets**, the Ordinary Stock of the Metropolitan Railway.
- Mica**, a flaky transparent mineral capable of being used in place of glass under certain circumstances where glass cannot be used; imported from India, United States, Canada, Germany, &c.
- Mich.**, Michigan.
- Middies**, Midland Railway Ordinary Stock.
- Middle price**, the mean price between those at which a broker offers to buy and sell respectively.
- Middleman**, in commerce a man who is neither a producer nor a retail salesman, but who buys from one and sells to another, or acts as an intermediary in other transactions.
- Mids**, the Ordinary Stock of the Midland Railway.
- Mil**, a monetary unit in a proposed decimal coinage for Britain; equal to $\frac{1}{1000}$ th of a £, or just under a farthing.
- Milk**, imported *fresh* from France and Holland, as *cream* from France, Holland, Norway, &c.; *condensed unsweetened* from Norway, Holland, Switzerland, France, &c.; *condensed sweetened* from Holland, Switzerland, Norway, Denmark, &c.; as *milk powder* from Holland, Sweden, United States, Denmark, France, &c.; *peptonized, sterilized, &c.*, from France, Holland, Norway, &c.; *condensed sweetened* exported to British possessions, Portuguese East Africa, Philippine Islands, Cuba, Panama, &c.
- Milks**, the shares of the Chicago, Milwaukee, and St. Paul Railroad.
- Millboard**, a strong sort of pasteboard made from the coarser papermaking materials, used in binding, &c.; imported (along with wood-pulp board) from Russia, Sweden, Canada, Holland, Germany, &c.; exported (along with pasteboard, &c.) to British possessions, Belgium, Germany, &c.
- Millet seed**, imported from Rumania, India, Turkey, Russia, Persia, &c.
- Milreis**, a Portuguese monetary unit, equal to 1000 reis, of the value of about 1s. 5d.; also a Brazilian monetary unit, equal to about 2s. 3d.
- Mining machinery**, imported from United States, Germany, &c.; exported to South Africa, Australia, Portuguese East Africa, Mexico, New Zealand, &c.
- Minn.**, Minnesota.
- Minor**, a person under age; (*Sc.*) a person above the age of pupillarity and under twenty-one.
- Mint**, the Government establishment at which coinage takes place.
- Mint par of exchange**, the basis on which the currency of two countries is compared by taking the same quantity of pure metal in the standard coins of each.
- Minutes**, records of a transaction, as the notes of business taking place at a meeting in the Minute Book kept by a company or society.
- Misdemeanour**, a crime which does not amount to a felony.

Misfeasance, the doing of a wrongful act.

Misrepresentation, a false statement or concealment which may be a ground for upsetting a contract.

Miss., Mississippi.

Mista, Mexican Railway First Preference Shares.

Mlle, Mademoiselle.

MM., Messieurs, the French equivalent of Messrs.

Mme, Madame.

Mo., months.

Mo., Missouri.

Modder B's, Modderfontein "B" Gold Mines Shares.

Modders, New Modderfontein Gold Mining Company Shares.

Mohair, the hair of the Angora goat, imported from Cape Colony, Turkey, Natal, China, &c.; exported as yarn to various countries.

Molasses, a syrupy liquid obtained in the process of manufacturing cane sugar: imported from United States, Cuba, &c.; exported to Sweden, Norway, South Africa, &c.

Monetary union, a union under which the coinage system is similar, and with certain restrictions current in all the countries, although the actual coin names may be slightly different.

Money (*Fr.*, argent; *G.*, Geld; *Sp.*, dinero; *It.*, danaro), the circulating medium of a country in coin or bank notes.

Money market, the market for dealing with the lending of money, discounting of bills, &c.

Money of account, monetary units used in keeping accounts, usually but not invariably represented by actual coins.

Moneylender, a person whose business is moneylending, or who advertises or announces himself or holds himself out in any way as carrying on that business.

Monometallism, the system of currency in which one metal, generally gold, is used as a standard.

Monopoly, the exclusive right to trade or manufacture, now only given by law in a qualified manner in the case of patents, designs, &c., and to a certain extent to the liquor trade as a consequence of its licensed character.

Monopoly value, the value which attaches above and beyond its ordinary commercial value to a property because of a privileged business which may be carried on there.

Mont., Montana.

Monts de Piété (*Fr.*), municipal pawnshops with surplus profits devoted to charitable institutions.

Moratorium, delay: especially the additional time a Government grants for the payment of debts, owing to war or other exceptional circumstances.

Morgen, a unit of land surface in South Africa; equal to 2.1165 acres.

Morphia, the active principle of opium, very valuable as a drug; imported to some extent; exported to Germany, Japan, Hong Kong, France.

Mortgage, the legal transfer of property for the security of a loan, leaving possession with the lender.

Moselle, a German wine named from the Moselle valley; imported from Germany, France, Holland, &c.

Moss litter, imported from Holland, Germany, Sweden, Belgium, &c.

Most favoured nation clause, the clause in a commercial treaty by which the contracting countries mutually agree to grant each other whatever privileges may be subsequently conceded by either to any third country.

Motion, a proposal submitted to a meeting; an application made to a Court, supported by affidavit.

Motor car, a vehicle driven by petrol, electricity, or steam for use on roads without rails; imported from France, United States, Germany, Belgium, Italy, &c.; complete cars exported chiefly to British possessions, parts to numerous foreign countries.

Motor cycle, a cycle with a light petrol engine attached for propelling it; imported from Belgium, United States, Germany, &c.; exported chiefly to British possessions.

Motor spirit, imported from United States, Dutch East Indies, Russia, India, Rumania, Straits Settlements, &c.

Mouldings, for picture frames, &c., imported from Germany, Holland, United States, Belgium, Norway, &c.

Moveables, goods and personal chattels.

MS., **MSS.**, manuscript(s).

Multiple shop, a shop dealing in all classes of articles, not confined to one aspect of trade.

Multiplepointing (*Sc.*), equivalent of interpleader.

Mungo. See *Shoddy*.

Municipal corporation, the local government authority in a borough.

Municipal trading, the engaging by local government authorities as contractors for their own works or as suppliers of commodities to the public.

Muriate of ammonia, essentially the same as *sal-ammoniac*, both being ammonium chloride: prepared from ammonia and hydrochloric acid; used for charging electric batteries, in galvanizing, soldering, &c.; imported from Germany, Holland, France, Belgium, &c.; exported to United States, India, Japan, Italy, Canada, &c.

Mutatis mutandis (*L.*), with the necessary alterations.

Mutton, imported *fresh* from Holland, France, &c.; *frozen* from New Zealand, Argentina, Australia, &c.; *preserved* from Australia, Chile, New Zealand, &c.

Mutual society, one in which the members or insurers are the shareholders, as in the case of mutual life insurance companies.

Myrobalans, the fruits of certain East Indian plants imported for tanning and dyeing.

N

N.B., New Brunswick; **nota bene** (*L.*), note well.

N.B.E., North British Railway.

N.C., North Carolina.

N.D.L., Norddeutscher Lloyd, a Bremen steamship line.

N.Dak., North Dakota.

N.E.R., North-Eastern Railway.

N.H., New Hampshire.

N.J., New Jersey.

N.P., notary public.

N.S., Nova Scotia.
N.S.W., New South Wales.
N.T., Northern Territory of South Australia.
N.Y., New York.
N.Z., New Zealand.
Nails, imported from Sweden, Norway, Belgium, Germany, United States, &c.; nails, screws, and rivets exported to Australia, India, Japan, New Zealand, South America, South Africa, China, &c.
Name Day, called also "Ticket Day", on the London Stock Exchange, the second day of the account, on which the purchasing broker prepares the ticket with the name and address of the buyer to enable the selling broker to complete the transfer.
Naphtha, a liquid hydrocarbon prepared from coal tar, &c., very volatile and inflammable; useful as a solvent; exported to France, &c.
Naphthalene, a solid hydrocarbon obtained from coal tar, used in manufacturing dyes, as a vermin killer, &c.; exported to Holland, United States, Russia, &c.
National debt, the total amount of a country's debt, on which fixed interest is paid to the fundholders.
Nautical assessor, a person with special skill and experience called in to assist a judge by his advice in an Admiralty action or wreck inquiry.
No plus ultra (*L.*), nothing beyond, the furthest point, perfection.
Neb., Nebraska.
Negligence, a want of care giving rise to an action for damages.
Negotiable instrument, a document which is transferable by delivery, and which can be sued upon by a *bona fide* holder for value even though he took it from a person who had no title.
Nem. con. (*nemine contradicente, L.*), no one contradicting.
Nem. dis. (*nemine dissentiente, L.*), no one dissenting, signifying that a resolution or proposal is carried without opposition.
Nett (*net*), clear of all deductions.
Neutrality, the condition of a State (a neutral) which abstains from participation in and is unaffected by war between belligerents.
Nev., Nevada.
New M., New Mexico.
Nisi (*L.*), unless: applied to a decree which is only provisional.
Nisi prius (*L.*), unless before: applied to the sittings of judges trying civil cases either in the King's Bench or Division of the High Court or at the Assizes.
Nitrate of soda, or *cubic nitre*, a valuable manure, imported from Chile, &c.
No., Nos., number(s).
No account, written by a banker on a cheque drawn by one who has no account with him.
No advice, written by a banker on a bill of exchange made payable at his bank but for which the acceptor has made no provision.
No funds, written by a banker on a cheque when he has no funds belonging to the drawer to meet it.
Noils, short pieces of wool combed out of the long staple.
Nominal capital, the capital of a company as authorized

by the memorandum of association. It may not be all issued.
Nominee, a person put forward to represent another, or selected by another.
Nonfeasance, the omission to do an act required by law.
Non-suit, a term in legal procedure when a judge decides that a plaintiff's case presents no valid claim against the defendant.
Norras, Deferred Consolidated "A" Stock of the Great Northern Railway.
Not negotiable, in the crossing of a cheque, means that anyone who takes the cheque takes it subject to any defect of title of the transferor.
Notary Public, an official who attests deeds or writings to authenticate them in a foreign country, as the protest of foreign bills of exchange.
Note of hand, a promissory note.
Notice, the making known, or something made known: *actual*, bringing to the person's knowledge, or *constructive*, when through circumstances or agency a person is deemed to have notice of a certain fact.
Notice to quit, the formal notice given by landlord or tenant to terminate a tenancy.
Notour (*Sc.*), open or notorious, as notour bankrupt, one whose bankruptcy has been decreed.
Novation, a creditor's agreement to accept in place of a debtor some other person as liable for the debt.
Nudum pactum (*L.*), a naked or bare agreement; an agreement for which no consideration has been given; generally not enforceable.
Nuisance, something injurious or offensive, either of a public or private character.
Nuncupative will, a will made by word of mouth before two witnesses. Is only valid in English law in the case of soldiers and sailors on active service and as to personal estate.
Nuts. See *Bolts*.
Nuts and kernels, for expressing oil, imported from West Africa, Australia, Straits Settlements, Philippines, New Zealand, India, China, &c.

(C)

O/a. on account.
O/d. on demand.
O.H.M.S., On His Majesty's Service.
O.K., all correct.
Oak, imported hewn from United States, Russia, Germany, Canada, &c.
Oakum, the untwisted fibres of old ropes, used for caulking ships, imported and exported to some extent.
Oatmeal, imported from Canada and United States; exported to Cape Colony, Natal, United States, India, &c.
Oats, imported from Russia, Argentina, Canada, Germany, Rumania, &c.; exported chiefly to France and Channel Islands.
Obligation, a duty or liability imposed upon a party.
Obligee, obligor, the person in whose favour a bond is executed and the person liable upon the bond, or bill of exchange.

- Obscuration**, the difference between the actual and indicated strength of spirits at the Customs.
- Oceans**, Ocean Consolidated Company shares.
- Octavo**, 8vo, eight leaves to the sheet.
- Octroi** (*Fr.*), local taxes levied by urban authorities in France and Italy on commodities brought into their town.
- Offensive trade**, a trade of such a character that it is a nuisance and can only be carried on in a new place by licence.
- Official assignee**, the person appointed by the Committee of the London Stock Exchange to liquidate the affairs of a defaulting member.
- Official List**, a list of the prices of all stocks dealt in on the Stock Exchange, issued daily at 3.30 p.m.
- Official Receiver**, the official in whom the estate of a person vests when a receiving order is granted.
- Oilecloth**, exported to Australia, United States, Canada, New Zealand, Holland, France, Belgium, Sweden, South Africa, &c.
- Okl.**, Oklahoma.
- Olive oil**, imported *unrefined* from Turkey, Spain, Italy, France, Greece, &c.; *refined* from Italy, France, Spain, Turkey, Greece, &c.
- On demand**, used of a bill payable by the drawer on presentation, without acceptance.
- Oncost**, the indirect or establishment cost to be added to the prime cost of an article.
- Onions**, imported from Spain, Egypt, Holland, Portugal, &c.
- Ont.**, Ontario.
- Open account**, an account still running and not yet settled.
- Open cheque**, a cheque which is not crossed, or restricted in regard to payment.
- Open policy**, a policy on which the value has not been declared.
- Opium**, a drug prepared from the dried juice of the heads of the opium poppy, cultivated chiefly in India; imported from Turkey, Persia, Hong Kong, &c.; exported to United States, &c.
- Option** (*Fr.*, prime; *G.*, Wahlkauf; *Sp.*, opcion; *It.*, elezione), the privilege of buying or otherwise contracting for a consideration, within a certain time: a term in general use, but especially applied to Stock Exchange transactions. Dealing in options and futures with a *bona fide* intention of delivering or taking up at the time is not illegal. A "call" is an option to buy, a "put" an option to sell; "straddles" or "spread eagles" are combination options.
- Oranges**, imported from Spain, Asiatic Turkey, Italy, West Indies, United States, &c.
- Order and disposition**, goods in the order and disposition of a bankrupt under such circumstances that he is the apparent owner, which in bankruptcy vest in his trustee.
- Order in Council**, an order issued by the Privy Council in accordance with statutory or other authority.
- Ordinary shares and stock**, those shares or stock of a company with rights subordinate to preference shares as to dividend and generally in winding up, but usually without limit on profit.
- mark, equal to $\frac{1}{100}$ th of a krone, or '135d.
- Ore**, the form in which a metal occurs in nature; generally an earthy compound.
- Ore.**, Oregon.
- Organs and harmoniums**, imported from United States, Canada, &c.; exported to Australia, Cape Colony, West Africa, &c.
- Output**, the quantity of goods produced by a manufacturing business in any given period.
- Outside broker**, a broker working outside the Stock Exchange who is not subject to its disciplinary rules.
- Over-capitalized**, said of businesses whose earnings are not sufficient to pay reasonable interest on the capital invested in them.
- Overdraft**, the amount which a customer of a bank draws or is authorized to draw beyond his available balance.
- Overdue**, an expression applied to bills of exchange which have not been met at the due date; or to a ship which has not arrived in port at the time expected.
- Overhead price**, a price covering all kinds of miscellaneous charges that might have appeared as extras.
- Over-production**, applied to the production of a commodity in excess of the demand at remunerative prices.
- Overseer of the poor**, an officer whose primary duty is to administer poor relief, but who has also many other duties in connection with the parish.
- Overtrading**, engaging in trade operations beyond one's capital resources.
- Owner's risk note**, the contract which carriers require a person to enter into when they carry goods under special contract at a lower rate.
- Oxen and bulls**, imported from United States and Canada.
- Ozokerite**, a natural wax akin to paraffin wax found in Galicia, Rumania, and the United States.

P

- P/A**, power of attorney.
- P.A.S.I.**, Professional Associate of the Surveyors' Institution.
- p.m.**, *post meridiem* (*L.*), after noon, applied to times in the second half of the day.
- P.M.G.**, Postmaster-General.
- P.O.**, post office; postal order.
- P.O.O.**, post office order.
- P.p.**, *per pro*.
- P.p.i.**, policy proof of interest.
- P.S.**, postscript.
- P.T.O.**, please turn over.
- P. and L.**, Profit and Loss.
- P. & O.**, Peninsular and Oriental Steamship Company.
- Pa.**, Pennsylvania.
- Paid up**, applied to shares or stock on which no further calls can be made.
- Palm oil**, obtained from the oil palm and imported for use as a lubricant, in soapmaking, &c., from Nigeria, Gold Coast, Sierra Leone, German, French, and Portuguese West Africa, &c.

- Panic**, a financial crisis upsetting all ordinary rules and prices.
- Paper**, for *printing and writing*, imported from Norway, Sweden, Germany, United States, Belgium, Canada, &c.; *printed paperhangings*, from Germany, Belgium, France, &c.; for *packing and wrapping*, from Sweden, Norway, Germany, Russia, Belgium, Holland, &c.; *writing and printing paper* exported to Australia, India, New Zealand, and other British possessions, also several foreign countries; *packing and wrapping paper*, to India, Java, China, &c.; *printed paperhangings*, to Australia, New Zealand, United States, France, &c.
- Paper currency**, bank notes—convertible on demand when payable in gold, inconvertible when issued by a State with no legal obligation to give gold in exchange.
- Par**, the nominal or face value of stocks, shares, &c.
- Paraffin wax**, imported from United States, India, Germany, &c.; exported to Russia, Italy, France, Chile, &c.
- Pari passu** (*L.*), with equal step; without preference, on an equality: applied to the payment of debts or to the receipt of interest or dividend by owners of classes of debentures or shares.
- Parish**, a place for which a separate poor rate is made, the unit of local government areas.
- Parliamentary agent**, one who is professionally employed in the promotion of private Bills in Parliament.
- Parquet**, the place in the French Bourse reserved for the official brokers (*agents de change*).
- Part owner**, one who is jointly with others entitled to certain property, especially a British ship.
- Particular average**. See *Average*.
- Particulars of sale**, the description of property offered for sale by auction.
- Partnership**, an association of persons, other than a joint-stock company, carrying on business under a common name for profit.
- Party wall**, a wall built on a line between two properties for the use of both.
- Pass book**, the small book in which a copy of the account of banker and customer is kept, and which is delivered to the customer after being made up by the banker from time to time.
- Passage broker**, one who sells or lets steerage passages in ships from the British Islands to places out of Europe not in the Mediterranean.
- Passing a dividend**, not paying a dividend.
- Passive bonds**, bonds bearing no interest but carrying certain rights.
- Passport**, a document issued by his own Government to a subject to vouch his nationality and secure safe conduct.
- Patent** (*Fr.*, brevet; *G.*, Patent; *Sp.*, patente; *It.*, brevetto), the monopoly privilege granted under the Patents Act in respect of an invention.
- Patent agent**, an agent for obtaining patents in the United Kingdom.
- Patentee**, the person to whom a patent is issued.
- Pawn or pledge**, delivery of goods by a debtor as security for payment of a debt; the article so delivered.
- Pay Day**, on the Stock Exchange, the last day of the account, on which purchasers pay for shares bought and differences are settled; also called *settling day*.
- Payee**, the person to whom a bill, cheque, &c., is made payable.
- Paying-in slip**, the slip filled up by the customer with the particulars of the cash, cheques, notes, &c., when paying into his bank.
- Payment into Court**, payment by a defendant of a certain sum into Court in pursuance of an order in satisfaction of a claim.
- Pd.**, paid.
- Pears**, imported from France, Belgium, United States, Australia, &c.
- Peas**, imported from India, Holland, New Zealand, Germany, Russia, Japan, &c., split peas mostly from Germany; exported to Holland, France, &c.
- Pedlar**, one who travels round on foot selling goods.
- Penalty**, the amount agreed to be paid on non-performance of a contract or fixed by statute for breach of an observance; a fine imposed by a Court.
- Pendente lite** (*L.*), while a suit or action at law is pending.
- Penni**, a Finnish money of account, equal to $\frac{1}{100}$ th of a markka, or a centime.
- Penns.**, Pennsylvania Railroad shares.
- Pennyweight**, one of the units in Troy weight, equal to 24 grains.
- Pepper**, a spice imported from the Straits Settlements, Java, Siam, India, French Indo-China, Japan, Holland, Nigeria, Ceylon, Zanzibar, &c.
- Peppercorn rent**, a nominal rent, often stipulated for in a lease under this name.
- Per annum** (*L.*), by the year.
- Per capita** (*L.*), per head.
- Per cent, per centum** (*L.*), per hundred.
- Per contra** (*L.*), on the other side.
- Per diem** (*L.*), by the day.
- Per mille** (*L.*), by the thousand.
- Per pro** (*p.p.*), **per proc.**, per procurator, for another, by his authority.
- Per se** (*L.*), essentially, of itself.
- Percentage**, so much per hundred.
- Perfumery**, imported from France, United States, Germany, India, Canada, Holland, &c.; exported to India, Australia, France, &c.
- Perils of the sea**, the perils or dangers of the sea which are excepted by law or by the terms of the contract; for loss arising from which the shipowner is not liable.
- Permit**, permission, especially from the Customs or Excise to remove goods.
- Perry**. See *Cider*.
- Personal accounts**, in bookkeeping, accounts with persons with whom business is transacted, as distinguished from impersonal accounts like a goods account, &c.
- Personal security**, one which gives only a claim against a person, and is not accompanied by any pledge or mortgage.
- Personalty**, personal property or moveables, including leaseholds, stocks, and shares, as well as goods and chattels.

Peruvian bark. See *Bark, Peruvian*.

Peseta, the chief money of Spain, nominally equal to a franc, but really valued at about $7\frac{1}{2}d$.

Peso, the name for the chief monetary unit in Argentina, Chile, Mexico, Colombia, &c.

Petition, an application presented to a Court, especially by a petitioning creditor in bankruptcy.

Petroleum, a mixture of liquid hydrocarbons which occurs naturally in various countries; used in different forms for lighting, lubricating, fuel, &c.; imported from United States, Russia, Rumania, Austria-Hungary, Germany, Belgium, &c.

Petty cash, cash for small disbursements, the account for which is usually recorded in a petty-cash book.

Pfennig, a German monetary unit equal to $\frac{1}{100}$ th of a mark, or about half a farthing.

Phosphate of lime, a valuable manure, imported from Tunis, United States, Belgium, Algeria, France, &c.

Planos, imported from Germany, France, Holland, Belgium, &c.; exported to Australia, New Zealand, South Africa, India, France, Belgium, &c.

Plassava, a fibre obtained from certain palms, used in brushmaking; imported from South America.

Piastre, a Turkish monetary unit, equal to $\frac{1}{100}$ th of a Turkish pound or lira; valued at $2\frac{1}{2}d$; also an Egyptian unit, equal to $\frac{1}{100}$ th of an Egyptian pound, and valued at $2\frac{1}{2}d$.

Pice, in India, a quarter of an anna, equal to $\frac{1}{4}d$.

Picketing, the posting of observers to watch the approaches to a factory and dissuade workmen from entering during a strike; when peaceful it is rendered legal by the Trades Disputes Act, 1906.

Pickles, imported from Holland, France, Belgium, Italy, United States, Germany, &c.; exported to Canada, United States, &c.

Pictures, prints, &c., imported from Germany, France, Holland, Belgium, Austria, United States, &c.; exported to United States, Germany, France, Australia, India, Canada, New Zealand, &c.

Picul, a unit of weight in China and some other Eastern countries, equal to $133\frac{1}{2}$ lb.

Pie, in India, a twelfth of an anna, equal to $\frac{1}{12}d$.

Piece goods, goods which are sold by the piece, especially Manchester goods.

Pigeon pea. See *Dhol*.

Pilchards, exported cured to Italy, &c.

Pilot, a person not belonging to the ship, who is taken on board at a particular place to conduct a ship through a river, or channel, or from or into a port.

Pipe, a wine measure, equal to about 100 gallons more or less, according to the kind of wine.

Pipes, for smoking, imported from France, Austria, Germany, Italy, &c.

Piracy, robbery on the high seas, an offence against the law of all nations; also applied to infringement of copyright by appropriation.

Pfich, imported from United States, Germany, Russia, &c.; exported to France, Belgium, Italy, Germany, Spain, Russia, &c.

Plaintiff, a person who brings an action.

Plant, fixtures and machinery necessary to a business.

Platinum, imported from France, Germany, Colombia, Russia, United States, &c.

Plimsoll mark, the mark on a ship indicating the load-line, the extent to which a ship may be sunk in the water by weight of cargo.

Plumbago, or *graphite*, or *blacklead*, a form of carbon which is found in nature and is also manufactured; used in making lead pencils, polishes, paints, &c.; imported from Ceylon, Germany, France, India, Japan, &c.

Plums, imported from France, Germany, Belgium, Holland, &c.; *dried plums* from United States, Austria, France, Germany, Australia, Canada, &c.

Pounding (Sc.), taking goods in execution or distress.

Policy of insurance, an instrument by which a contract of insurance is effected.

Policy proof of interest, contracted *p.p.i.*, in marine insurance, denotes that the policy alone is sufficient to entitle the insurer to recover in case of loss; now declared illegal.

Poll, taking of a vote, as of the shareholders at a meeting after a show of hands is challenged.

Pollard. See *Bran*.

Pood, in Russia, a weight unit equal to 36 lb.

Pool, the division of trade or profits amongst the leading competitors in a certain trade in order to avoid further opposition; applied especially to the agreement between railway and shipping companies for the pooling of traffic at certain places where they would otherwise compete.

Pork, imported *fresh* from Holland, Belgium, Denmark, &c.; *frozen* from China, United States, &c.; *salted* from Denmark, United States, &c.

Porterage, a charge for carriage of goods; also a charge for delivery of telegrams beyond the free-delivery radius.

Ports, Portuguese Loan Bonds.

Possessory title, the title which a person who holds undisturbed possession of real property for a certain time, usually twelve years, acquires against the true owner.

Post obit bond, a bond by which a person agrees to pay a certain sum on the death of another from whom he has expectations.

Postage, the charge for conveyance of letters, &c., by post, paid by means of adhesive stamps.

Postal cheque, a document in use in some foreign countries representing an actual deposit in the post office.

Postdated, a cheque or other negotiable instrument dated after the time at which it was made.

Poste restante on the envelope signifies that a letter is to be left at the post office until called for.

Posting, in bookkeeping, the transference of entries from books of original entry, such as the Day Book, to the Ledger.

Postscript, an addition to a letter after it has been finished and signed.

Potatoes, imported from Channel Islands, France, Canary Islands, Germany, Holland, Portugal, Spain, &c.; exported to United States, France, Belgium, Canary Islands, Malta, &c.

Potts, the Ordinary Stock of the North Staffordshire Railway.

- Poultry**, imported from Russia, United States, France, Austria, Italy, China, &c.; exported to United States, Channel Islands, France, Natal, Cape Colony, &c.
- Pound breach**, breaking the pound or retaking goods seized for distress after they have been impounded: the remedy is treble damages.
- Poundage**, a charge of so much per pound value.
- Power**, authority given by one person to another.
- Power of attorney**, a document by which one person empowers another to act on his behalf.
- Pratique**, a licence given to a ship to trade with certain ports, provided that the port from which she arrives is free from infection.
- Précis**, an abstract, or concise statement of the contents of a document.
- Preference**, a right in priority to others, as preference shares, those which are entitled to a dividend in priority to the ordinary shares, and in some cases to priority of assets in the winding up of a company.
- Preferential payments**, payments which can be made in regard to certain debts owing in bankruptcy or by a company in liquidation which are given preference over general liabilities.
- Preferential tariff**, a suggested scheme of Customs duties for the United Kingdom under which British colonies would have their exports to Britain taxed less highly than those of foreign countries.
- Prejudice, without**, a term used with an offer made by way of overture to an opposing party on the understanding that, if the negotiation fails, it is not to be taken advantage of nor to be used in evidence in any action.
- Premium**, the amount above the issued price of stock or shares; the periodical amount paid in consideration of an insurance policy.
- Premium bonds**, bonds issued by some foreign states bearing little or no interest, but giving the chance of valuable prizes at certain drawings.
- Prescription**, right acquired by lapse of time.
- Presentment**, the act of tendering a bill of exchange for acceptance or payment.
- Press, the**, the newspaper world, the news publications and agencies as a whole; *Press Association*, an agency consisting of subscribing newspapers for the joint collection and dissemination of news; similarly, the Central News and other organizations.
- Price** (*Fr.* prix; *G.* Preis; *Sp.*, precio; *It.* prezzo), consideration in money, which must be certain or determinable.
- Pricking note**. See *Dandy note*.
- Prima facie** (*L.*), on first view: a term generally applied to presumptions which prevail until rebutted.
- Primage**, a small payment in addition to freight originally granted to the master, and now really an increase in the freight.
- Prime cost**, the first cost of an article before establishment charges are added.
- Primogeniture**, exclusive descent of land to the eldest son or male representative.
- Principal**, the person for whom an agent is acting, or to whom a surety is bound; the head of a firm.
- Prior lien bonds**, bonds having a prior right of dividend or interest payable before other issues.
- Private arrangement**, an arrangement between an insolvent debtor and his creditors, embodied in a registered deed.
- Private company**, a company formed under the Companies (Consolidation) Act without issuing a public appeal for subscription, and with a restriction on transfer of its shares and the number of members.
- Private ledger**, a ledger containing certain private accounts which it is not desirable to make known to more than a very few people in a business.
- Privilege**, a right or exemption of a special character: applied to communications or statements which cannot be the subject of actions for defamation, or to communications or documents which a person cannot be compelled to divulge.
- Prize**, property captured in war.
- Prize court**, a tribunal set up under International Law to "condemn" captures properly made during war, restore property wrongfully seized, award prize money, and punish offences.
- Pro** (*L.*), on behalf of, for: used in signing letters when a person signs on behalf of another.
- Pro forma** (*L.*), for the sake of form merely.
- Pro hac vice** (*L.*), for this occasion.
- Pro rata** (*L.*), proportionately.
- Pro tem.**, short for *pro tempore* (*L.*), for the time being.
- Probate**, the certificate of proof of a will.
- Procuracion**, agency: applied to a signature by procurator (*per proc.* or *p.p.*), which intimates that a person so signing has a limited authority only.
- Profit** (*Fr.*, profit; *G.*, Gewinn; *Sp.*, beneficios; *It.*, beneficio), the income or gains derived from land or business, to be distinguished in the payment of dividends from capital.
- Profit and Loss Account**, a statement of the debtor and creditor transactions of a business over a particular period.
- Profit sharing**, a system by which those employed in a business receive a bonus in accordance with the profits, either in addition to or as part salary.
- Prohibited goods**, goods the import of which is prohibited under the revenue laws or other statutes.
- Promissory note**, an unconditional promise in writing made by one person to another, signed by the maker, engaging to pay on demand, or at a fixed or determinable future time, a sum certain in money to or to the order of a specific person or to bearer.
- Promoter**, one who forms a company and stands in a position of trust towards it. *Promotion money*, the commission paid for the promotion of a company.
- Prompt**, **Prompt day**, the specified date at which goods sold are to be delivered.
- Proof**, establishment of a fact, or the evidence: in *bankruptcy*, the formal particulars of debt sworn by the creditor.
- Proprietary**, an undertaking or article which is in the exclusive ownership of an individual or firm.
- Prospectus**, an advertisement setting forth the advantages of a proposal; a document issued on the formation of

a company setting forth its objects and inviting subscribers, and disclosing certain essential particulars.

Protection, the policy of helping home production by the imposition of duties upon imported goods.

Protest, a formal certificate by a notary public attesting the dishonour of a bill of exchange.

Protest, payment under, payment of an amount protesting that it is not due and will be reclaimed.

Proviso, a condition or exception in a document.

Provost, in Scotland, the elected head of a burgh, holding office for three years.

Prox., proximo, the next ensuing (month).

Proxy, a person who represents another; the instrument conferring authority to vote for another, especially at a shareholders' meeting.

Prunes, dried plums; imported from United States, France, Austria, &c.

Public company, a joint-stock company which offers shares to the public, as distinguished from a private company, which restricts them to a few selected persons.

Puffer, one employed in an auction sale in the interests of the vendor to make fictitious bids.

Pumping engines, imported from United States, &c.; exported to India, Argentina, Japan, Egypt, Chile, Italy, Canada, Brazil, Australia, Natal, Holland, Belgium, Spain, Germany, &c.

Punchoon, a wine measure, equal to 84 gallons.

Pupil (Sc.), a male under the age of fourteen or a female under the age of twelve.

Pursuer (Sc.), the plaintiff in Scots legal procedure.

Put, on the Stock Exchange, a selling option, as distinguished from a *call* or buying option.

Pyrites, an ore of iron and copper in the form of sulphides, imported from Spain, Norway, Portugal, France, Newfoundland, &c.

Pyx. trial of, the testing of moneys at the Mint by a jury of the Goldsmiths Company, an annual ceremony.

Q

q.v., quod ride (L.), which see.

Qua (L.), in the character of.

Qualification, the necessary fitness, whether personal or financial; especially the holding of a requisite number of shares by a director.

Qualified acceptance, the acceptance of a bill conditional as to place, payment, &c.

Quarantine, originally a period of 40 days, now the time appointed by the law of most nations for detention of a vessel arriving from an infected port.

Quarter Days, in England: Lady Day, March 25; Midsummer Day, June 21; Michaelmas Day, Sept. 29; and Christmas Day, Dec. 25. In Scotland: Candlemas, Feb. 2; Whitsunday, May 15; Lammas, Aug. 1; Martinmas, Nov. 11.

Quarter Sessions, a Court of Justice with criminal and some civil jurisdiction, consisting of the justices of the county or borough, meeting four times or more often in the year.

Quarto, 4to, the size of a sheet of paper folded twice, making four leaves; nearly square.

Quasi (L.), practically amounting to.

Quicksilver, or *mercury*, a liquid metal; imported from Spain, Italy, Mexico, Tunis, &c.

Quid pro quo (L.), something for something, an advantage received in consideration of one given.

Quillai bark, the bark of the soap tree of Chile, with soap-like properties; imported to some extent.

Quinine, a very valuable drug prepared from cinchona or Peruvian bark; imported from Holland, Java, Germany, &c.; exported to India, China, Ceylon, Turkey, Australia, Canada, &c.

Quintal, a weight differing in various countries—in Britain and U.S.A., 100 lb.; in France, 100 kilos.

Quire, twenty-four sheets of unprinted paper.

Quit rent or fee-farm rent, the small yearly rent payable by the owner of land to the lord of the manor.

Quorum, the minimum number of members required at a meeting in order to transact business.

Quota, proportion or share.

Quotation, an estimate given of cost, either of an article or work; the price at which shares are quoted on a day.

Qy., query.

R

R., rupee.

R.I., Rhode Island.

R.M.S., Royal Mail Steamer.

R.S.O., railway sorting office; rural sub-office.

Rabbits, imported from Australia, New Zealand, Belgium, Holland, &c.

Rack rent, the full annual value of premises let on lease.

Raiffeisen, a system of agricultural co-operative banking common in Western and Southern Germany.

Rails, of iron or steel; imported from Belgium, Germany, United States, &c.; exported to British possessions, South America, Egypt, Mexico, &c.

Rails, railway market: term applied to dealings in home and foreign railway shares and stock.

Railway Clearing House, an institution recognized by Act of Parliament for dealing with through traffic on more than one railway system.

Raisins, imported from Spain, Turkey, Russia, Greece, India, United States, &c.

Rapeseed, imported from India, Russia, Rumania, Belgium, Holland, &c.

Rapeseed cake, the cake left after the oil has been expressed from rapeseed; used as an animal feeding-stuff; imported from Russia, &c.

Rapeseed oil, obtained by expressing the seeds of the rape plants, akin to the cabbage; used as a lubricant, illuminant, &c.; imported from Germany, Belgium, Holland, &c.; exported to United States, &c.

Rappen, the name in Switzerland for the centime (q.v.).

Rate, an amount demanded *pro rata* from owners of property in accordance with assessment, e.g. the poor rate; a charge made for the supply of water or gas.

Rateable value, the annual value of premises, after certain deductions have been made, for the purpose of assessment for rating.

Re (*L.*), in reference to.

Realization Account, an account opened in connection with the realization of a firm's assets on the occasion of a sale or liquidation of the business.

Realty, or real estate; land, houses, &c., and things appertaining thereto.

Ream, 20 quires or 480 sheets of writing paper; of printing paper, usually 500 or 516 sheets.

Rebate, a discount or allowance; an abatement on the amount of a bill retired.

Receipt (*Fr.*, reçu, quittance; *G.*, Quittung; *Sp.*, recibo; *It.*, ricevuta), acknowledgment of a sum paid: if of £2 or over, requiring a penny stamp.

Receipts and payments, a statement of cash actually received and cash actually paid out; less satisfactory than a statement of income and expenditure.

Receiver, the person appointed to receive the rents of property or the debts of a business; if with authority to carry on the business, also a manager.

Receiver of Wreck, a person appointed by the Board of Trade for the preservation of a wreck.

Receiving order, the official order made when a petition in bankruptcy is successful.

Reciprocity, an arrangement between two countries for a mutual lowering of tariffs.

Recognizance, an obligation entered into by record before a Court of Law to secure performance of some undertaking.

Reconstruction, reorganization: specially applied to a company after winding up and reconstitution.

Recourse. See *Without recourse*.

Red lead, an oxide of lead used in pigments; imported from Germany, Holland, &c.

Redemption, the act of paying off a debt or charge, especially a mortgage or debenture charge.

Reduction or rescissory action (*Sc.*), an action to set aside a deed, decree, or legal act.

Reduction of capital, the formal reducing of the nominal capital of a company.

Re-exports, goods exported after being imported, without undergoing any process of preparation or manufacture in the interval.

Refer to Drawer, words written by a banker on a cheque presented him for payment when the drawer's account is insufficient to meet it; often contracted R/D.

Referee, one to whom anything is referred for investigation or trial; *Official Referee*, the officer of a Court to whom questions of intricacy in the nature of accounts, or complicated items of contract, are referred by the judge.

Reference, submission of a matter to a referee or arbitrator.

Register of members, a book required to be kept by all companies under the Companies Act, containing a list of shareholders with their holdings, &c.

Registered letter, a letter on which a special fee is paid, and for which the Post Office gives a receipt and accepts pecuniary liability.

Registered office, the office which in the case of a company is, as required by law, its chief address, and is registered at Somerset House.

Registered stock, stock of which the name of the holder is registered in the books of the Company, and which is usually transferred by deed.

Registrar, an official whose duty is to make entries in a public register, or record the decrees of a Court or the transactions of a society.

Registration, the official record required with regard to certain facts or documents.

Registration fee, a fee payable on registration of a document, as the nominal fee paid to a company on the transfer of shares or stock.

Reichsmark, the German Imperial mark. See *Mark*.

Reis, a monetary unit of Portugal, too small to be represented by a coin; equal to about $\frac{1}{16}$ th of a penny; also a Brazilian monetary unit, equal to about $\frac{1}{16}$ th of a penny.

Release, a discharge from an obligation, as release from freight or Customs dues.

Remainder, an estate given to a person after the determination of a present interest given to another.

Remittance, money or its equivalent, as a cheque, postal order, &c., sent by one person to another.

Rent (*Fr.*, loyer; *G.*, Miete; *Sp.*, alquiler; *It.*, affitto), an agreed periodical payment for the use of land or other property.

Rent charge, a periodical payment charged upon lands.

Rentes (*Fr.*), French, Austrian, Greek, or Italian Government Funds; public securities.

Replevin, an action to recover possession of goods unlawfully taken, usually by distress.

Report, the summary statement of business done; the considered opinion of a person who has been employed to investigate a matter or business; especially the auditor's report of a period of business of a company.

Representation, one person acting for another; a statement amounting to an allegation of certain facts.

Reputed owner, a person in possession of goods with the presumption of ownership.

Rescue, the forcible taking away by the owner or other person of things distrained from the custody of the distrainer before the impounding.

Reserve, or **reserve fund**, the amount which a bank or a company or business has in hand above and beyond what is necessary to meet its ordinary engagements.

Reserve liability, a term used in connection with companies which have provisions to the effect that a certain portion of the share capital shall not be called up except in the event of the company being wound-up.

Reserve price, price fixed under which an auctioneer is not authorized to sell a property.

Residue, the balance of an estate after liabilities and testamentary dispositions have been provided for.

Resolution, the formal expression of opinion by a meeting, especially the formal act of directors or shareholders, or creditors, passed in the required manner.

Respondentia, a loan on the security of the cargo of a ship contracted by the master for necessaries, repayment being conditional on the safe completion of the voyage.

Rest, in the Bank of England weekly return, signifies surplus of assets over liabilities; in connection with

- banking generally, denotes the periods (quarter, month, &c.) for which interest is added to accounts.
- Restraint of trade**, a restriction on the ordinary freedom of engaging in trade or business.
- Resumé** (*Fr.*), a summary.
- Retail**, the sale of goods in small quantities to actual users, as distinguished from the sale in large quantities by wholesale houses to retail dealers.
- Retainer**, the engagement of a solicitor or other professional person to act for a party in a particular matter.
- Retaliation**, a fiscal policy by which nations raise tariffs against each other in an attempt to secure reciprocity.
- Retire** (a bill), to buy up or pay a bill under discount.
- Returns**, receipts; results or profits of a business; goods sent back to the supplier.
- Reuter**, indicates that the news is the property of the telegraph agency of that name.
- Revenue**, the incomes or earnings of a business.
- Reversion**, right to property after the enjoyment of a partial interest in it by someone else.
- Revocation**, the recalling or cancelling of an act or document, especially a will.
- Rice**, imported from India, Holland, Austria-Hungary, Siam, Turkey, Germany, &c.; exported cleaned and milled to Nigeria, Gold Coast, Brazil, Cuba, Canada, United States, Portugal, French West Africa, &c.
- Rice flour**, imported from Holland, Germany, Canada, &c.; exported to United States, &c.
- Rice starch**, imported from Belgium, Holland, Germany, Austria-Hungary, France, &c.; exported to Australia, New Zealand, Cape Colony, &c.
- Rig**, term applied to an operation on the market for cornering bear sellers and so raising the price.
- Ring**, a combination of traders in a particular market to keep up the price, or of shipowners to keep up the freight.
- Risk**, a danger insured against which the insurer accepts in return for the premium paid.
- Road, rule of the**, the rule which in Great Britain requires those who use the road to go to the left, offenders being subject to penalties under the Highways and Motor Car Acts.
- Rolling stock**, the locomotives, wagons, &c., of a railway company in actual use.
- Rosies**, Buenos Ayres and Rosario Railway Ordinary Stock.
- Rota**, a list of persons taken in rotation.
- Rouble**, the chief monetary unit of Russia, represented by a silver coin; equal to 2s. 1-6d.
- Royalty**, a payment to a landowner for mineral won from a mine, or to a patentee for use of a patent, or to an author for copies of a book sold by his publisher.
- Rs.**, rupees.
- Rubber, indiarubber, or caoutchouc**, imported from Brazil, Straits Settlements, France, Ceylon, British West Africa, United States, Peru, French West Africa, Germany, Russia, Uruguay, &c.
- Rum**, imported from British Guiana, West Indies, Cuba, South Africa, Mauritius, &c.; *imitation rum* from United States, Germany, France, Holland, &c.
- Run**, an excessive demand for cash by the customers of a bank because its solvency is doubted.
- Runner**, one who solicits business, especially Stock Exchange business, and shares in the broker's commission.
- Running days**, consecutive days allowed for loading or unloading a ship.
- Rupee**, the chief monetary unit of India, equal to 1s. 4d.
- Rupee paper**, a name for promissory notes issued by the Indian Government.
- Rx.**, tens of rupees.
- Ry.**, railway.
- Rye**, imported from Russia, Germany, Rumania, &c.; exported to Iceland and Greenland.
- Rye meal and flour**, imported from Germany, Russia, &c.

S

- S**, a symbol for dollars.
- S.A.**, South Australia; South Africa.
- S.C.**, South Carolina.
- S.Dak.**, South Dakota.
- S.E. & C.E.**, South-Eastern and Chatham Railway.
- S.P.**, *supra* protest.
- S.S.**, steamship.
- S.S.C.**, Solicitor of the Supreme Court of Scotland.
- Saccharin**, a very sweet substance that may be used in place of sugar, imported from Germany, Switzerland, Holland, &c.
- Saddlery and harness**, exported to Australia, United States, India, New Zealand, South Africa, &c.
- Sago**, a starchy foodstuff prepared from certain East Indian palms; imported from the Straits Settlements, Java, &c.
- Salesmanship**, the art of selling goods.
- Salmon**, imported *canned* from United States, Canada, &c.; exported *fresh* to France, Belgium, &c.
- Salt, common**, exported to India, Canada, United States, Denmark, Russia, Nigeria, Norway, Belgium, Holland, &c.
- Saltcake**, sulphate of sodium, formed in the process of manufacturing hydrochloric acid from salt; exported to Sweden, Belgium, Norway, Russia, United States, Italy, Spain, &c.
- Saltpetre**, nitrate of potash, used as an antiseptic, in making gunpowder, &c.; imported from Germany, India, Belgium, Holland, &c.; exported to Brazil, Australia, United States, Portugal, New Zealand, &c.
- Salvage**, an allowance made to those volunteers who have assisted in saving a ship or goods from wreck, or goods from fire.
- Sample**, a small quantity of an article as a specimen of the whole.
- Sans recours** (*Fr.*), without recourse: an indorsement on a bill freeing the endorser from liability.
- Saras**, Deferred Shares of the Manchester and Sheffield Railway.
- Sardines**, small pilchards or fish akin to them; imported canned from Portugal, Norway, France, Spain, &c.
- Sauces and condiments**, exported to Australia, United States, Canada, Germany, Argentina, New Zealand, Belgium, Cape Colony, Holland, &c.

Saumur, a champagne-like wine imported from France.

Schedule, an inventory with particulars or prices; a supplement containing rules or lists or a catalogue.

Schulze-Delitzsch, a system of co-operative people's banks common in Germany.

Scilicet (*L.*), *sc.*, that is to say.

Scrip, the receipt for instalment money paid upon shares, exchangeable for certificates when all the calls are paid: applied also to share and stock certificates.

Scrutineer, a person appointed to count ballot papers.

Seal, the formal addition to a contract made by deed, now often signified by a wafer.

Seaworthiness, an implied warranty in a charter that a ship is fit for the particular voyage.

Secretary, one who transacts correspondence or other business for another; the official in charge of the business of a society, especially of a company, the secretary of a company being the recognized official medium.

Secured creditor, a creditor who holds some security in addition to his claim for payment.

Securities, a general name for stocks and shares of all kinds.

Security, a document of title to property or other valuable; a deposit to secure an obligation.

Security for costs, an order that a person who is bringing an action or promoting an appeal shall secure his opponent's costs beforehand.

Seigniorage, a charge made by a government for coming money. In Britain gold is coined practically free, but there is a profit on silver and bronze coinage.

Self-balancing ledgers, ledgers which permit of being checked and balanced in portions so as to make the prevention of errors easier.

Sellers over, a Stock Exchange phrase denoting that there are more sellers than buyers.

Selling out, on the Stock Exchange, the right of a seller of shares who has not had them taken up by a certain day to sell them in the open market at the cost of the defaulting purchaser; the opposite of *buying in*.

Semolina, a preparation from wheat used as a food-stuff: imported from France, Germany, &c.

Sen, a Japanese money of account, equal to $\frac{1}{100}$ th of a yen, or about $\frac{1}{40}$ d.

Sequestration, the taking of rents, profits, salary, or income to satisfy the owner's debts; (*Sc.*) distribution of a bankrupt's property amongst his creditors, as under English bankruptcy.

Ser, a standard unit of weight in India, equal to a kilogramme.

Seriatim (*L.*), each in its order.

Session, Court of, the Supreme Court of Scotland, consisting of the Lord President, Lord Justice Clerk, and eleven Lords Ordinary.

Set, the three parts of a foreign bill of exchange. See *Foreign bill*.

Settlement, a deed or will or other instrument settling land or property; an adjustment by agreement of an account or matter in dispute; the fortnightly period on the Stock Exchange for accounting.

Settling Day, on the Stock Exchange, the last day of the account. See *Pay Day*.

Several, severally: in reference to a liability which is separate and not joint as between various parties.

Sewing machines, imported from Germany, United States, &c.; exported to Java, China, Chile, Brazil, Peru, Straits Settlements, British West Africa, Spain, Australia, &c.; *parts* to Russia, France, Italy, &c.

Shaku, a Japanese unit of length, equal to 11·93 in.

Share (*Fr.*, *action*; *G.*, *Aktie*; *Sp.*, *acción*; *It.*, *azione*), a proportionate amount of the capital of a business, in the case of a corporation evidenced by a share warrant or certificate. Company shares may be ordinary, preference, or founders', or of other special classifications.

Share certificate, a certificate issued to every holder of shares in a limited company.

Sheep and lambs, imported from United States, Canada, &c.; exported to United States, Germany, Argentina, Canada, &c.

Sheepskins, imported from Australia, Cape Colony, New Zealand, Natal, Chile, Argentina, &c.; exported to Belgium, United States, Rumania, France, &c.

Sheff A. Manchester and Sheffield Railway Deferred Stock.

Sheffs, Manchester and Sheffield Ordinary Stock.

Shells, imported from Australia, Dutch East Indies, Straits Settlements, French Pacific Islands, India, Aden, New Zealand, &c.

Sheriff, in England and Wales the chief Crown officer in the county, appointed annually. In Scotland the chief judge in a county.

Ship, every description of vessel used in navigation not propelled by oars, ships and boats exported to Norway, Austria, Germany, Japan, Holland, France, Sweden, Russia, Belgium, Canada, Australia, New Zealand, &c.

Ship brokers, agents acting for shipowners in chartering, collecting freights, &c.

Ship canal, a canal capable of taking ocean-going vessels.

Ship's husband, an old term for the managing owner of a ship, now applied to one who is a servant of the owners and who looks after the equipment and outfit and management.

Shoddy, originally manufacturers' waste coal or iron: applied to re-manufactured refuse of cotton and woollen yarn, and colloquially to inferior and imitation goods of any class. *Mungo* is a kindred material.

Short bill, a bill of exchange drawn at short usance, up to ten days.

Short of stock, an American term for *bear* on the Stock Exchange.

Shorthand, a method of writing quickly by using signs or contractions for words: especially the system of phonography invented by Sir Isaac Pitman.

Sight, on presentation, bills payable at sight being payable on presentation.

Silk, imported *raw* from China, France, Italy, India, Turkey, &c.; *thrown silk* from Germany, Italy, France, Switzerland, &c.; *spun silk yarn* from Switzerland, France, Italy, Germany, Belgium, &c.; *silk knubs*, *husks*, &c., from China, France, Japan, Italy, India, &c.; *waste noils* from France, Italy, China, &c.; *silk*

- broadstuffs* from France, Japan, Switzerland, Italy, China, &c.; *silk lace* from France, &c.; *silk ribbons* from Switzerland, France, Italy, Belgium, &c.; *mixed silk broadstuffs* from Germany, France, Switzerland, &c.; *mixed silk ribbons* from Germany, Switzerland, Belgium, &c.; *silk waste* exported to United States, Germany, &c.; *thrown silk* to Germany, &c.; *spun yarn* to United States, Germany, Straits Settlements, India, France, Canada, Australia, &c.; *silk broadstuffs* to France, Canada, Germany, Argentina, United States, Australia, Belgium, Sweden, Austria, India, &c.; *mixed broadstuffs* to Canada, United States, France, China, Australia, India, Argentina, Brazil, Turkey, Belgium, &c.
- Silver ore**, imported from Mexico, Peru, Australia, Chile, Spain, Colombia, Venezuela, Bolivia, &c.
- Sinking fund**, a fund set apart by periodical savings to accumulate with interest by a government, corporation, company, or firm for the gradual reduction of a debt.
- Site value**, the estimated market value of land without the buildings, crops, or timber upon it.
- Slander**, defamation by words spoken.
- Slates**, imported from France, United States, Portugal, Belgium, &c.; exported to Germany, Australia, Denmark, &c.
- Sleeping partner**, a partner who has provided capital, and shares profits and losses of a business, but does not take part in the management.
- Sliding scale**, a method by which wages are made to vary with the price of the product, common in mining employment.
- Slip**, the preliminary memorandum initialed by one who accepts a marine-insurance risk.
- Slops**, Allsops Brewery Ordinary Stock.
- Slubbers**, Bradford Dyers.
- Slump**, a fall in securities on the market, or in a trade generally.
- Soap**, imported from United States, France, Italy, Germany, Holland, &c.; exported to India, China, West Indies, Nigeria, Straits Settlements, Holland, Dutch East Indies, France, &c.
- Soda, bicarbonate of**, used as a baking powder, for making effervescing drinks, and in other ways; imported to a small extent; exported to Japan, India, Australia, Canada, Italy, Spain, &c.
- Soda, caustic**, the hydrate of sodium, a very important substance used in soapmaking and many other ways; imported from Germany, Belgium, &c.; exported to Japan, Italy, Mexico, Brazil, Argentina, India, Australia, Canada, &c.
- Soda ash**, sodium carbonate, manufactured from salt, and used in soapmaking and many other ways; imported from Belgium, Canada, &c.; exported to Japan, China, India, Canada, Australia, Argentina, Italy, Brazil, &c.
- Soda crystals**, a crystallized hydrated carbonate of soda, familiar as washing soda; imported from Belgium, Germany, Holland, &c.; exported to Argentina, Canada, Chile, India, Holland, &c.
- Soft goods**, textiles, in distinction from hardware.
- Soft money**, a name sometimes applied, especially in America, to notes as distinguished from coin.
- Sol**, a Peruvian silver coin, valued at 2s.
- Sola**, denotes a bill of which there is only one copy, as distinguished from a bill drawn in a set.
- Solicitor**, one who is qualified to practise in the Courts and carry on legal business.
- Solicitor-General**, the second law officer of the Crown in England, Scotland, and Ireland respectively, and elsewhere in British Dominions.
- Solvency**, ability to discharge one's obligations out of realizable assets.
- Soo**, Minneapolis, St. Paul, and Sault Ste. Marie Railroad.
- Soups**, Southern Pacific Railroad Common Stock.
- Souths**, London and South-Western Railway Ordinary Stock.
- Soy or soya beans**, the fruits of a plant grown in Japan, China, &c.; used in the preparation of a sauce, and also as the source of a feedingstuff and manure; imported from Russia, China, Japan, &c.; the oil exported to Holland, United States, Germany, Italy, &c.; the cake exported to Denmark, Holland, Sweden, &c.
- Special commerce**, imports for home consumption and exports of goods of native production and manufacture.
- Special settlement**, a special settling day fixed by the Committee of the Stock Exchange.
- Specie**, gold and silver coin, as distinguished from paper money.
- Specie point**, the point at which the price of bills payable in a foreign place reaches a figure in excess of the par of exchange.
- Specific performance**, the actual doing or delivery of a thing which a person has contracted to do or sell; may in certain cases be compelled instead of payment in damages.
- Specification**, an account of a thing, with details; of a patent, the particulars of the invention with description of the subject matter, furnished on the application.
- Spelter**, a commercial name for zinc.
- Spiegeleisen**, a form of pig-iron containing a large percentage of manganese, used in the Bessemer steel-making process; imported along with ferro-manganese and ferro-silicon, substances similarly used, from Germany, Sweden, France, &c.
- Spirits, perfumed**, imported from Germany, France, United States, Holland, &c.; spirits exported to Australia, Canada, United States, Holland, Germany, India, &c.
- Sponge**, imported from Greece, Turkey, United States, Bahamas, Cuba, Germany, &c.
- Spot price**, the cash price for immediate delivery of goods.
- Spot sale**, a sale of goods actually in hand for immediate delivery.
- Sq., sqq.**, abbreviations for *sequentibus* (L.), the following.
- Stag**, one who applies for an allotment in a new issue with the intention only of selling out at a profit and not of taking up the shares.
- Staple trade**, originally the privileged trade in commodities on which Customs were levied; the trade peculiar to or predominant in a district.
- Statement of affairs**, a statement of the financial con-

- dition of a person or business, especially of a bankrupt or insolvent.
- Statement of claim**, the formal statement of a plaintiff's grounds of claim in an action.
- Stationery**, exported to many foreign countries and British possessions.
- Statute-barred**, denoting that a debt cannot be sued for.
- Statutory declaration**, a written declaration made in accordance with the Statutory Declarations Act, 1835.
- Statutory meeting**, a meeting of a limited company that must be held not less than one month and not more than three months from the date of commencing business.
- Staves**, imported from Russia, Sweden, United States, Norway, Germany, Canada, &c.
- Steel**, imported as *ingots* from Germany, Sweden, &c.; as *blooms, billets, and slabs* from Germany, United States, Belgium, &c.; *steel castings* from Belgium, Germany, &c.; *steel forgings* from Germany, Denmark, &c.; *steel bars, angles, &c.*, from Belgium, Germany, &c.; *steel girders, beams, joists, and pillars* from Germany, Belgium, France, &c.; exported as *bars, angles, rods, &c.*, to British possessions, Japan, Germany, and numerous other countries; as *girders, beams, &c.*, to British possessions, Argentina, Japan, Brazil, &c.
- Stem**, to load a ship with coal.
- Stere**, the metric unit of volume, equal to a cubic metre, or 35·314 cubic feet.
- Stet** (*L.*), let it stand, used in proof correction to reverse an erasure or deletion.
- Stevodore**, one whose business is, working with his own men, to undertake the stowage or discharge of a cargo.
- Stg.**, sterling, British currency.
- Stock**, capital of a company which is transferable in any amount and not according to shares.
- Stocktaking**, a periodical going through the stock in any business and pricing it, with a view to accuracy in the statement of affairs.
- Stop order**, an order granted by a Court to prevent any dealing with a fund without notice to the applicant. On the New York Stock Exchange a limit to cut a loss.
- Stoppage in transitu**, the right of an unpaid vendor to stop goods in course of transit before they reach their destination, provided the documents of title are not in the hands of a *bona fide* holder for value.
- Stopping a cheque**, the act of notifying a bank on which a cheque is drawn not to pay without reference to the drawer.
- Stotinki**, the Bulgarian equivalent of the French centime.
- Stowage**, the putting of the cargo in a ship: *broken stowage*, the filling in the vacant places in a ship's hold which a charterer must supply when he has undertaken to load a full and complete cargo.
- Straw**, imported from Holland, Belgium, Denmark, France, &c.
- Straw envelopes**, for bottles, imported from Holland, France, &c.
- Straw plait**, imported from Japan, China, Switzerland, Samoa, Italy, &c.; exported to France, Australia, United States, Belgium, Germany, Sweden, &c.
- Strawberries**, imported from France, Holland, &c.
- Strawboard**, a variety of paper prepared from straw; imported from Holland, Germany, Belgium, &c.
- Strike** (*Fr.*, grève; *G.*, Streik, Ausstand; *Sp.*, huelga; *It.*, sciopero), an organized stoppage and refusal to work by employees in consequence of a trade dispute.
- Sub judice** (*L.*), under judicial consideration; a matter now before the Court, which is therefore not open to comment.
- Subpoena**, a writ requiring a person's attendance in Court, under a penalty, either as a witness or to produce a document.
- Subrogation**, substitution of one person for another so as to acquire and undertake the other's rights and obligations.
- Succession**, the acquisition of property by succeeding to it on the previous owner's death.
- Succession duty**, the duty payable by a person becoming entitled to property on the death of another.
- Sucre**, a silver coin of Ecuador, equal to 2s.
- Sufferance wharf**, a wharf where, by permission of the Customs authorities, goods may be landed before payment of duties.
- Sugar, refined**, imported from Germany, Austria-Hungary, Holland, Russia, Belgium, Java, India, Mauritius, France, &c.; *unrefined beet sugar* from Germany, Austria-Hungary, Holland, Belgium, &c.; *unrefined cane sugar* from Java, India, Mauritius, British West Indies, Hayti, Peru, British Guiana, Brazil, Mexico, Dutch Guiana, &c.; *refined* exported to Canada, Denmark, Holland, Norway, Italy, Portugal, &c.
- Sulphate of ammonia**, prepared from ammonia and sulphuric acid, a valuable manure; exported to Japan, United States, Spain, Java, Italy, British Guiana, Canary Islands, Hawan, Mauritius, West Indies, &c.
- Sulphate of soda**. See *Salteck*.
- Sulphur**. See *Brimstont*.
- Sulphuric acid, or oil of vitriol**, one of the most important chemicals commercially, and the basis of the greatest chemical industry; imported from Belgium, &c.; exported to India, Cape Colony, &c.
- Sumach**, a tanning substance obtained from the bark of a Mediterranean tree, imported from Italy, Tunis, Cyprus, Spain, &c.
- Summary jurisdiction**, the jurisdiction of justices to deal with a case without sending it for trial before a jury.
- Summons**, a command to a person to appear before a Court to answer a charge or claim.
- Supercargo**, one whose duty it is to take charge of the cargo while on board.
- Superphosphates**, valuable artificial manure; exported to Spain, Denmark, Australia, New Zealand, Russia, France, Portugal, Canary Islands, &c.
- Super-tax**, an additional income tax on incomes exceeding £5000, imposed by the Finance (1909-10) Act, 1910.
- Supra protest**, of a bill of exchange, same as payment for honour. See *Honour*.
- Surcharge**, to make a person liable for an unauthorized payment.
- Surety**, one who binds himself for the carrying out of an obligation by another.

Surrender, a yielding up, technically of an estate by a tenant.

Surrender value, the present value of a life-insurance policy on a living person.

Suspense account, a temporary account opened for receiving certain entries until their exact nature or significance has been ascertained.

Suspension of payment, stoppage of the ordinary course of business by a definite intimation of failure to meet engagements, especially where a bank closes its doors.

Sweating, applied to conditions of work in certain industries where wages are unduly depressed: in certain cases affected by the Trade Boards Act.

Syndicate, a group of persons associated in the promotion of a venture.

T

T.T., telegraphic transfer.

Table A. See *A, Table*.

Tack, a lease; a supplement or addition.

Tael, a monetary unit of China, the chief being the Haikwan tael, equal to about 2s. 7d.

Tail, estate in tail, one limited to a person and the heirs of his body.

Take in, on the Stock Exchange, receiving backwardation on securities, the converse of "giving on".

Talc, or *French chalk*, a silicate of magnesia, which is used in various industrial processes, imported from France, Italy, Austria, United States, &c.

Tale, refers to reckoning by number as distinguished from weight.

Tale quale, a term used in the grain trade in contracts sold to arrive, a warranty that the bulk at the time of sale agrees with the sample, the buyer taking any risk of subsequent damage.

Tallow, imported from Australia, Argentina, New Zealand, United States, Belgium, Uruguay, France, China, &c.

Tally trade, the selling of goods on short credit, for payment by instalments, by journeymen, especially in drapery goods.

Talon, a warrant or certificate attached to the coupon sheets of foreign or government bonds to bearer, detachable and exchangeable for further coupon sheets.

Tape prices, on the Stock Exchange, prices of the day as shown on the tape by the telegraph apparatus.

Tare, the weight of the carriage or package in which goods are loaded, or the allowance made for it.

Tares and vetches, imported from Germany, Russia, Turkey, &c.

Tariff, a schedule of rates; especially applied to the set of duties imposed by a country on its imports.

Tartaric acid, an organic acid manufactured from the argol of wine casks, used industrially in various ways; imported from Italy, Germany, France, Holland, &c.

Taxation, the raising of sums of money by Government, either directly from the person assessed, or indirectly by means of imposts upon articles of consumption. *Taxation of costs*, the checking of a solicitor's or other bill of charges by a taxing master or registrar.

Tea, imported from India, Ceylon, China, Java, Holland, United States, &c.

Teak, imported from India, Siam, Java, &c.

Teinds, the Scottish equivalent of *tithe* (q.v.).

Tenant, one who holds land of another.

Tender, the offer of payment in satisfaction of a debt; an offer to supply certain commodities or services on certain terms.

Tenement, anything of a permanent character capable of being held on a tenancy, more usually a house or other building.

Tenn., Tennessee.

Terminable annuity, an annuity payable for a fixed number of years.

Terminal charges, charges of a railway company for loading, handling, or unloading of goods sent for carriage.

Terrors, the Northern Territories Goldfields of Australia.

Testament, a will.

Testator, the person who has made a will.

Tex., Texas.

Textile machinery, imported from Germany, United States, France, &c.; exported to India, Russia, Germany, France, Brazil, United States, Belgium, Japan, &c.

Tical, a Siamese silver coin, equal to 1s. 6½d.

Ticket Day. See *Name Day*.

Tight, applied to the money market to indicate that money cannot be readily or favourably borrowed.

Time bargains, contracts for delivery at a fixed price at a specific future time.

Tin ore, imported from Bolivia, Chile, South Africa, Southern Nigeria, France, Germany, &c.; *tin blocks, slabs*, &c., from Straits Settlements, Australia, &c.; *unwrought tin* exported to United States, France, Russia, Canada, Sweden, &c.

Tinplates, exported to Holland, Germany, India, France, Rumania, Australia, Japan, Norway, United States, Italy, Portugal, Brazil, Argentina, Canada, Belgium, &c.

Tithe (Sc. *teinds*), originally free offerings, a tenth of yearly profits payable in kind, now commuted for a rent charge varying with the price of corn.

Title, the right to property.

Tobacco, raw, imported from United States, Turkey, Holland, Germany, Nyasaland, &c.

Token money, coins that circulate by government's authority for a value rather above their intrinsic value, such as the British silver and bronze coinage. *Token coins* are legal tender only up to a certain limit.

Tomatoes, imported from Canary Islands, Channel Islands, Spain, France, Holland, Portugal, &c.

Ton, a weight of 20 cwt. or 2240 lb. The *short ton* of 2000 lb. is often used in Canada and the United States. The *metric ton* is 1000 kilograms or 2200 lb.

Tonnage, of a ship, its capacity according to the official scale of measurement.

Tontine, a principle by which a number of persons subscribe capital to be distributed amongst the survivors, more usually applied to a life annuity which increases as the other subscribers die.

- Tort**, a private wrong done by one person to another.
- Towage**, the act of towing a vessel; the service rendered.
- Toys and games**, imported from Germany, France, United States, Japan, Austria-Hungary, &c.; exported to Australia, India, Canada, New Zealand, Germany, United States, South Africa, France, &c.
- Trade bill**, a bill of exchange drawn in the regular way of business, and not for accommodation purposes.
- Trade Boards**, set up by the Trade Boards Act of 1909, to establish minimum wages in certain industries where sweating might prevail.
- Trade mark**, a distinctive mark used in connection with trade which may be registered under the Act.
- Trade Union**, an association of workmen within the meaning of the Trade Union Acts.
- Transfer books**, books of a company in which are registered transfers of its stock and shares.
- Transfer days**, the days on which the Bank of England enters transfers of Government stock free of charge.
- Transfer deed**, a deed transferring shares or other securities.
- Transshipment**, the transference of goods from one ship to another.
- Transire**, a Custom House warrant, giving permission for free passage of a vessel or goods to a certain place.
- Traveller**, one who, an innkeeper is bound to lodge if he has room; *bona fide traveller*, one who under the Licensing (Consolidation) Act, 1910, is entitled to be served with intoxicants during closing hours if he has travelled at least three miles from the place where he lodged the preceding night.
- Traveller, commercial**, one who travels to transact business on behalf of a firm.
- Treasure trove**, gold and silver money, plate or bullion hidden by an unknown owner and discovered by accident, it belongs to the Crown, but in practice a handsome allowance is made to the finder.
- Treasury bills**, bills issued by the treasury or exchequer of the country in connection with temporary loans.
- Trespass**, a breach of the law, especially an entry upon another man's land without lawful authority.
- Tret**, an allowance on goods for wear, damage, &c.
- Trial balance**, a checking of accounts by placing debit and credit balances against each other to see if they balance exactly.
- Trinity House**, the institution (London, E.) which regulates and manages lighthouses and buoys on English shores and rivers, and appoints and licenses pilots.
- Troy weight**, a system of weight units used in weighing gold, silver, and precious stones. Its units are the grain, the pennyweight, the ounce Troy, and the pound Troy (= 5760 grains).
- Truck Acts**, the Acts which make it illegal to pay wages in goods instead of money; a payment which is known as the truck system, "truck" signifying "barter".
- Trunks**, Stock of the Grand Trunk Railway of Canada.
- Trust**, the confidence reposed in a person; a duly executed document which imposes upon the trustee the obligation of holding a property or discharging a trust in favour of another person in accordance with its terms; a trade combination for the purpose of securing a monopoly in an article, more prevalent in U.S.A., where anti-trust legislation has been necessary.
- Trust deed**, a deed conveying the property of an insolvent debtor for the benefit of his creditors.
- Trustee in bankruptcy**, a person appointed by the creditors to administer the property of a bankrupt.
- Trustee investments**, various classes of approved investments in which trustees are authorized to invest trust moneys.
- Tubes and pipes**, of iron, imported from Germany, United States, Sweden, Belgium, France, &c.; exported to Australia, Argentina, India, Canada, New Zealand, South Africa, Japan, Brazil, Chile, &c.
- Turnover**, the total amount of goods sold in a given period, or the total amount of business done of any other kind.
- Turpentine**, a resinous substance obtained from coniferous trees, extensively used in paints, varnishes, &c.; imported from the United States, Russia, France, Germany, &c.
- Typewriters**, imported from the United States, &c.
- U.K.**, United Kingdom
- U.S.A.**, United States of America.
- Uberrima fides** (*L.*), the utmost good faith, a condition which is required in contracts between persons in a relation of confidence to one another.
- Ullage**, the quantity by which a cask is short of its possible full contents.
- Ult.**, *ultimo*, of the last month
- Ultra vires** (*L.*), beyond the powers, the doctrine that an authority or corporation will be restrained from engaging in transactions outside the limits of its constituted authority.
- Umbrellas**, exported to India, Australia, West Africa, Canada, Germany, China, France, &c.
- Umpire**, one who is appointed to decide a dispute when two arbitrators fail to agree.
- Unauthorized clerk**, a junior clerk permitted only to attend a member on the Stock Exchange and not to do business.
- Uncalled capital**, capital of a company which shareholders have not paid, but which can be called up on their shares.
- Unconscionable bargain**, a contract harsh and oppressive, made with an expectant heir; against which the Court will relieve.
- Underwriter**, an insurer, especially one who accepts marine risks; one who in connection with the flotation of a company agrees, for a commission, to accept shares not applied for by the public.
- Underwriting**, (1) the acceptance of marine-insurance risks; (2) of shares, a contract with the promoters of a company to take up and pay for that portion of an issue of shares which the public does not apply for.
- Undeveloped land**, urban land not put to use, on which a duty of $\frac{1}{4}$ d. in the £1 is imposed by the Finance (1909-10) Act, 1910, on the amount by which the site value exceeds the agricultural value.

Undue influence, pressure exerted by a person to secure the performance of some act by another, which the Court will relieve against.

Unfunded debt, that part of the National Debt not included in Consols and consisting of Treasury Bills and Exchequer Bonds.

Unions, Shares of the Union Pacific Railroad.

Unmerchtable, said of goods that are below the normal standard in quality or condition.

Unseaworthy, said of a ship that is not fit to be sent on a voyage.

Upset price, the price which is reserved and must be reached before a sale can take place at an auction.

Usage, the practice of any trade; an invariable practice adopted by a trade or profession.

Usance, time fixed by custom for payment of bills of exchange, according to the particular foreign market.

Usury, a charge for the use of money; generally applied to excessive interest.

V

V., versus (*L.*), against.

Va., Virginia.

Valonia, the acorn-cups of a kind of oak found in the Levant countries; used in tanning, imported from Turkey, Greece, &c.

Valuation list, a list of all rateable property prepared by the overseers in a parish.

Value received, words used in a bill of exchange to denote that value has been given for the bill.

Valued policy, a policy of insurance in which the subject matter is fixed at a certain sum and not left as in an open policy.

Varnish, imported from United States, Germany, France, Belgium, &c.

Vegetables, dried or canned, imported from Italy, France, Belgium, United States, Germany, Holland, &c.

Vendor, one who sells a business or concession to a company, often taking part of the price in vendors' shares.

Verft, a Russian unit of distance, equal to 3500 feet, or practically two-thirds of a mile.

Versus (*v.*), against, especially used with parties to an action.

Vested, an estate which, though the enjoyment may be suspended, is in the ownership of a person and capable of transmission by him.

Via (*L.*), by way of.

Vice-consul, a consul of subordinate rank.

Vicuña, the wool of a small camel-like animal of Bolivia and Chile, allied to the llama and the alpaca.

Vinegar, imported from Germany, France, Holland, Belgium, &c.; exported to Australia, Canada, India, United States, New Zealand, Cape Colony, &c.

Vis major (*L.*), superior force; an excuse for non-performance of a contract.

Visa, a minister's or consul's certificate of identification, as marked upon a passport.

Vitesse, grande, petite (*Fr.*), modes of goods carriage—fast goods train, ordinary goods train.

Viz., *videlicet* (*L.*), to wit, namely.

Voucher, an account book, warrant, or receipt evidencing a transaction.

Vt., Vermont.

W, Y, Z

W.A., West Australia.

W.I., West Indies.

W.Va., West Virginia.

Wabbons, Wabash Railroad Debentures.

Wager, a contract by parties that one shall pay the other according to the happening of a certain event; void under the Gaming Act as against public policy.

Wags, West Australian Goldfields.

Waiver, the disregard of a legal right by one entitled to act upon it whereby such right is lost; as a waiver by a landlord of a breach of an undertaking by a tenant.

Wall Street, the New York Stock Exchange.

Warrant, a written authority to arrest a person, or to give title to goods.

Warranty, an express or implied undertaking concerning the subject-matter of a contract. Warranties in a marine-insurance policy are stipulations upon the truth or fulfilment of which the validity of the contract depends.

Wash., Washington.

Waste, damage or destruction to a property by a tenant.

Watches, imported from Switzerland, Germany, United States, France, &c.

Watered stock, stock in a company of which the face value is not represented by actual assets in consequence of transactions in the shares and issues without cash consideration.

Wax, except paraffin wax, imported from Germany, Brazil, Japan, United States, India, &c.

Way bill, the list of the goods carried by railway or other conveyance.

Wear and tear, natural loss through the reasonable use of property and the effect of time.

Westerns, Ordinary Stock of the Great Western Railway.

Whalebone, imported from Canada, Norway, Iceland and Greenland, France, &c.

Wharfinger, the occupier of a wharf, quay, warehouse, granary, or premises in which goods when landed from ships may be lawfully placed.

Wheat, imported from India, Russia, Argentina, Canada, Australia, United States, Rumania, New Zealand, &c.; *wheat meal and flour* from United States, Canada, Australia, France, Germany, &c.; *wheat* exported to France, Belgium, Channel Islands, &c.; *wheat meal and flour* to Norway, Egypt, Canary Islands, Channel Islands, Malta, Russia, &c.

White lead, a mixture of the carbonate and hydrate of lead, used extensively as a pigment; imported from Germany, United States, Belgium, Holland, &c.; exported to Australia, New Zealand, Argentina, India, Holland, Canada, South Africa, &c.

Wholesale, the dealing in goods in large quantities, as opposed to selling by retail to the actual consumers.

Will, the duly executed instrument expressing the inten-

- tions of a testator as to the disposition of his property on his death.
- Winding up**, the liquidation of the affairs of an estate, especially the voluntary or compulsory winding up of a company.
- Window dressing**, a term applied to a proposal or specious advantage put forward only for show.
- Wine**, imported from France, Portugal, Spain, Australia, Germany, Canary Islands, &c.
- Wire**, of iron, imported from Germany, Belgium, United States, &c.; *wire rods* from Germany, Belgium, Sweden, &c.; *wire nails* from Belgium, Germany, United States, &c.; *iron wire* exported to Argentina, Australia, New Zealand, Cape Colony, United States, &c.
- Wis.**, Wisconsin.
- Without recourse**, on a bill of exchange, denotes that the drawer or an indorser disclaims liability in respect of the bill.
- Wood pulp**, a papermaking material prepared from the wood of various trees; imported from Sweden, Norway, Germany, Russia, Canada, &c.
- Wool, sheep's or lambs'**, imported from Australia, New Zealand, Cape Colony, India, Argentina, Natal, France, Chile, Turkey, &c.; exported to United States, Russia, Germany, Canada, Italy, France, Holland, &c.
- Woollen yarn**, imported from Belgium, France, Germany, &c.; *woollen cloths* from Germany, Holland, Belgium, &c.; *yarn* exported to Germany, Russia, Canada, Austria, Denmark, Australia, Sweden, Norway, France, Belgium, &c.; *woollen tissues* to Germany, France, Canada, Australia, India, Japan, United States, Argentina, Austria, Belgium, Holland, Turkey, Italy, China, Chile, Brazil, New Zealand, &c.; *worsted tissues* to Canada, United States, Australia, Argentina, India, Japan, Turkey, Chile, South Africa, New Zealand, Germany, Italy, Belgium, France, &c.
- Writ**, a judicial summons by which a person is compelled to answer a claim or in default submit to judgment.
- Wyo.**, Wyoming.
- Years' purchase**, a calculation of the price of a property or business by taking so many years of the income.
- Yeast**, imported from Holland, Belgium, France, Germany, &c.
- Yen**, a Japanese monetary unit, equal to 2s. 0½d.
- York-Antwerp Rules**, the rules formulated at conferences of average-adjusters, shipowners, and others at York, as revised in 1890, and finally adopted 1892; a usual clause in a marine insurance policy is that these rules shall be the basis of average adjustment.
- Yorks**, Ordinary Stock of the Great Northern Railway.
- Zinc ore**, imported from Italy, Australia, Algeria, Spain, France, Tunis, Mexico, Belgium, &c.; *crude zinc* from Belgium, Germany, Holland, United States, France, &c.; *zinc ore* exported to Belgium, &c.; *crude zinc* to India, Holland, Russia, Japan, Germany, &c.
- Zinc oxide**, a white pigment, imported from Germany, United States, Holland, Belgium, France, &c.; exported to Chile, India, Australia, Straits Settlements, Turkey, Japan, Canada, &c.
- Zollverein**, a Customs Union providing for the mutual adjustment of duties between States belonging to it and a uniformity of policy with regard to other countries.

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